

The NATIONAL UNDERWRITER



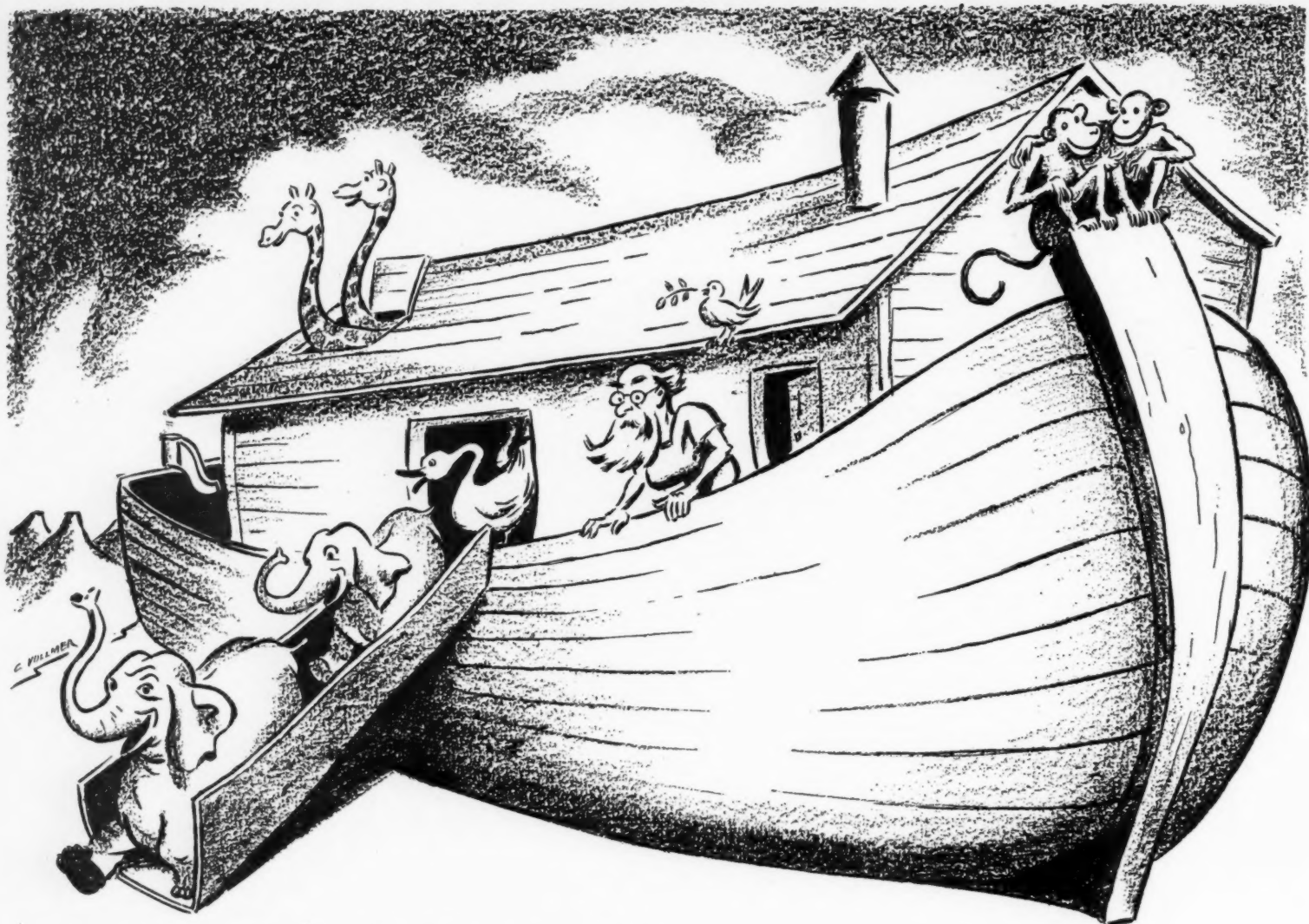
IF they would all remember, as long as they live, what Cervantes said, which is both a truth and a rule of conduct, there would be no need for fidelity bonds.

THE TRAVELERS INDEMNITY COMPANY

HARTFORD, CONNECTICUT

All forms of Fidelity and Surety Bonds

THURSDAY, OCTOBER 19, 1944



Noah didn't know — about **MARINE INSURANCE**

Of course there was no Ocean Cargo Insurance in Noah's time even though Marine is the oldest of all forms of insurance.

But there's no reason today why you shouldn't be acquainted with Marine Insurance and the opportunities it offers you as an agent. Undoubtedly many of your present assureds for fire and other lines are extensive shippers to domestic and foreign destinations. Decide now to use the Marine Office and let your customers know that your agency is equipped to handle Marine business.

Marine Insurance is not difficult to write, especially with the help available to you from the nearest Marine Office branch.

Inquire about the income producing possibilities of Marine Office lines. Write for further information.

HEAD OFFICE AND
EASTERN DEPARTMENT
116 John Street, New York 7, New York

WESTERN DEPARTMENT
Insurance Exchange Bldg., Chicago 4, Ill.

SOUTHERN DEPARTMENT
Canal Building, New Orleans 12, La.

PACIFIC DEPARTMENT
340 Pine Street, San Francisco 4, Cal.

NORTHWESTERN DEPARTMENT
Coleman Building, Seattle 4, Wash.



MARINE OFFICE of AMERICA

ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE

**With this PAK
at his back...**



**He's ready to write
NEW BUSINESS**

North America has supplied its Indemnity Insurance Company of North America Agents with a belt-full of live ammunition to shoot at prospects for its new \$10,000 Comprehensive Personal Liability Policy that sells for \$10, and is being featured in North America's National Advertising.

Agents who know about such things tell us it's the best

PROFIT PAK we have ever furnished our producers. And along with it goes this advice:

"Don't look at the \$10 premium! Look at the total number of prospects who can be sold—88% of all home owners. *That's a target worth shooting at!*"

Ask any Indemnity fieldman about it . . .



**INSURANCE COMPANY OF
NORTH AMERICA**
COMPANIES, *Philadelphia*

INSURANCE COMPANY OF NORTH AMERICA
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
CENTRAL INSURANCE COMPANY OF BALTIMORE

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
NATIONAL SECURITY INSURANCE COMPANY
PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

PROTECT WHAT YOU HAVE • BUY WAR BONDS AND STAMPS



The chair that spoiled a happy home

By itself, this was the grandest, most comfortable chair in the world. Ask Fluther, the pup, if you don't believe us. Ask anyone who ever sank down deep in its come-and-forget-the-world cushions.

But . . . unfortunately, this chair was bought and put in a room *where it did not belong*. It stuck out like a sore thumb . . . didn't blend with the other furniture . . . screamed at every piece. Yes, poor planning spoiled the whole effect of everything in the room.

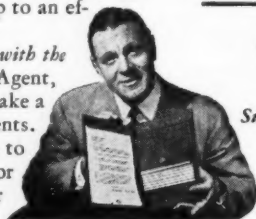
Many persons make the same mistake when they buy insurance for their homes or businesses. They buy *individual* policies here, there and everywhere . . . good policies by themselves to be sure . . . but from lack of proper planning, these policies seldom add up to an efficient or economical program.

That is why we say "See *The Man with the Plan*, your local Employers' Group Agent, before you buy insurance." Let him make a thorough analysis of your requirements. Let him go over your present policies to find the weak spots in your protection or coverages not in keeping with your

needs. Let him explain the many new Employers' Group short cuts to better protection . . . new low cost comprehensive liability coverages for your *entire family*, including pets . . . new family burglary insurance that gives more protection at a lower cost . . . accident insurance for your wife and children . . . extended coverages for your fire insurance . . . and several others.

Above all, let *The Man with the Plan* guide you in getting planned insurance . . . the only kind that gives freedom from worry over financial loss.

The Man with the Plan brings you news by Cedric Foster . . . Sunday evenings over a national radio book-up. Consult your radio page for time and station.



The Employers' Group INSURANCE

Surety & Fidelity Bonds—Fire & Casualty Insurance

THE EMPLOYERS' LIABILITY ASSURANCE CORP., LTD.

THE EMPLOYERS' FIRE INSURANCE CO.

AMERICAN EMPLOYERS' INSURANCE CO.

One Liberty Square, Boston 7, Mass.

THE EMPLOYERS' GROUP MAN IS THE MAN WITH THE PLAN



"Hey, Fellows it's a boy!"

Days and weeks of silence from the pretty little wife that he'd left behind just when he'd most wanted to be with her. Then this brief but joyous message—"Son born—Mother doing fine." You can bet that *he* appreciates the American Red Cross. For it was the Red Cross that got the message through that substituted happiness for anxiety. The Red Cross was right there at home, too—Nurse's and Dietitians' Aides in the hospital;

later home nursing service to see that every little care was provided. Yes, the American Red Cross is doing *what it can* to do everything *he'd* want to do for her—as well as everything *she'd* want to do for him. And this story might be repeated countless times all over the country and all over the world. So let's give a hand—a helping hand if possible—to this fine organization which knows no other reward than satisfaction in having been of service.

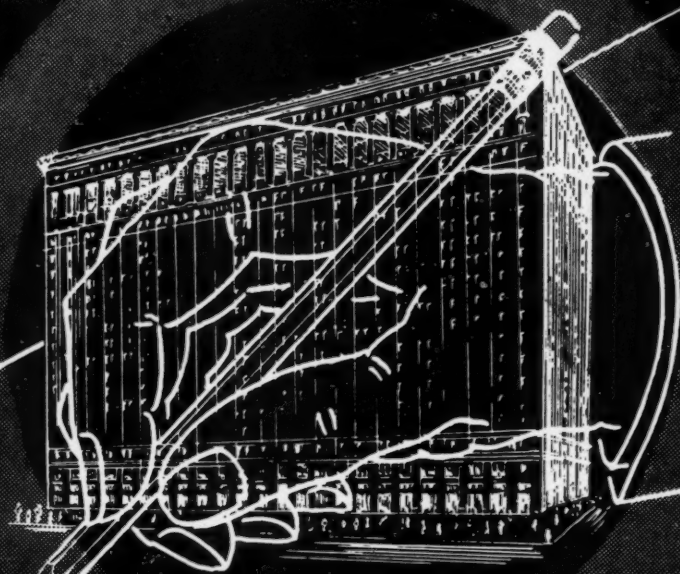


This is the eighth of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE

Why you should locate your insurance business in the Insurance Exchange Building ★



★ *because* **90%** OF FIRE AND CASUALTY
INSURANCE PREMIUMS PRODUCED IN THE METROPOLITAN CHICAGO AREA ARE
WRITTEN IN THE **INSURANCE EXCHANGE BUILDING**

*Get your share
of this business
by locating in*

Buyers and prospective buyers of insurance, assured and laymen alike naturally think of Chicago insurance as being located in the *INSURANCE EXCHANGE BUILDING*, 175 West Jackson Boulevard, Chicago. It is the very heart of all insurance activity in Chicago and the middle west.

Let us show you how you can get your proper share of the insurance premium volume produced in metropolitan Chicago by locating in the Insurance Exchange. Address R. C. Swanson, Manager.

Insurance Exchange Building
175 WEST JACKSON BLVD • CHICAGO

FRIDEN

FULLY AUTOMATIC CALCULATOR



Visible Fully Automatic Multiplication...a patented Friden Feature, makes completely Automatic Multiplication a reality.

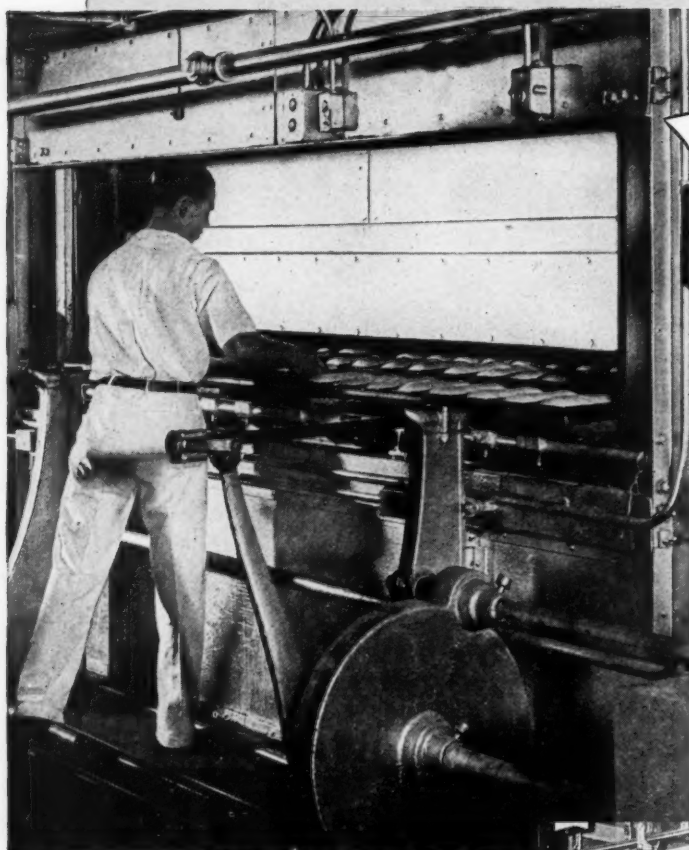
Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the U. S. and Canada.

Set either factor of any Multiplication problem on the Keyboard. Then enter the other factor in the Multiplier. For either Positive, Negative or Accumulative Multiplication just touch ONE KEY...and presto, the Carriage is automatically positioned, the Dials automatically cleared, the Calculator automatically counts and shifts until the problem has been completed...then finally clears the Keyboard preparing the machine for any subsequent calculation. Friden Calculators are AVAILABLE when applications for deliveries have been approved by the War Production Board. Telephone or write to your local Friden Representative for complete information.

FRIDEN CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U.S.A. • SALES AND SERVICE THROUGHOUT THE WORLD .

BUILDING AMERICA!



Bakeries

In 1900 only 5% of the bread consumed in the U. S. was baked outside of the home. Today approximately 85% of it comes from America's modern bakeries.

The country's 30,000 bakeries employ over 250,000 people, and have an annual payroll of a quarter of a billion dollars—highest among all the food industries. In value of products used yearly (an estimated two billion dollars) American bakeries are second only to wholesale meat packing in the food industry field.

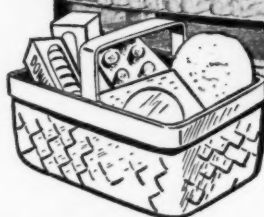
The expression, "Clean as a modern bakery," is a common figure of speech. Today the American baking industry represents the latest developments in machinery, production and distribution methods and sanitary handling.

PROTECTING AMERICA

Through the ages, bread has been the basic food of soldiers—and under the present vitamin and mineral enrichment program, "enriched" flour and bread are playing an important part, not only on the fighting front but also by providing an ideal means for getting required nutritive value into the diet of civilians at home.

Insurance Protection, too, is "enriched" by activities which not only minimize the danger of damage to property by fire or other hazards but also safeguard human life by encouraging the use of all precautionary measures and equipment known to modern safety engineering.

Inquiries are invited regarding the extensive underwriting and service facilities of the Royal-Liverpool Group.



Bread, the ideal companion to all foods, offers a war-time means of extending ration points, adding extra nutrition and cutting food costs.

Westinghouse

ROYAL-LIVERPOOL GROUP

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA • THE LIVERPOOL
 & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA • THE NEWARK FIRE INSURANCE
 COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • THE SEABOARD INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA

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N.A.I.A. Resolutions Back Congressional Insurance Action

Financed Accounts Big Subject at Final Meeting of Directors

At the close of its crowded meeting at Milwaukee last week, the National Association of Insurance Agents adopted resolutions backing Congressional action to protect insurance from the situation created by the U. S. Supreme Court decision in the Southeastern Underwriters Association case and urging its members to support candidates for public office, regardless of party, who are committed to a proper safeguard of public interest and the return of insurance regulation to the states.

Other resolutions, which were offered by N. A. Chrisman, Pikeville, Ky., opposed elimination of the actual value automobile forms, praised the trend toward broader coverages, urged the



Wade Fetzner, Jr., president of W. A. Alexander & Co., Chicago, is here shown as he was reporting to the N.A.I.A. convention as chairman of the public relations committee.

Business Development Office to proceed with its proposed study of agency management and called for an end to strikes in war work as well as an end to premature effort on postwar planning, instead of vigorous prosecution of the war effort.

B. C. McCabe of the International Elevator Company of Minneapolis, president of the National Tax Equality League, was unable to appear at the last moment because of sudden illness. Vernon Scott, executive secretary of the league, read his address for him.

The invitation of J. Dewey Dorsett, general manager Association of Casualty & Surety Executives, to the National association to join in a conference with fire, casualty and marine company representatives on federal legislation was promptly accepted.

The new president, W. Ray Thomas, Pittsburgh, and the new vice-president, Hunter Brown, Pensacola, Fla., were installed in the traditional closing ceremonies of the National association. W. H. Menn, Los Angeles, past president, was in charge and Commissioner Newell

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McLennan Outstanding in the Insurance Realm

By C. M. CARTWRIGHT

Newspaper men are early taught in their careers to avoid superlatives. Their use very frequently breeds difficulties and sharp challenges. However, I think I am within the bounds of propriety in saying that when Donald R. McLennan, chairman of Marsh & McLennan, died at the Lake Forest Hospital last Saturday, death took the leading general insurance man in the United States. Mr. McLennan had a wide personal acquaintance and a still larger circle composed of those who knew him by reputation, by his prestige, by the greatness and size of his organization.

Operated in Many Fields

I have often wondered whether insurance lends itself to be a successful training school for men to become prominent outside their own guild. There are very few who have achieved prominence in what in college is known as extra-curricular activities. Mr. McLennan was not only a widely known and very successful insurance man but he had an equally prominent place in other lines of endeavor. Some of the institutions of which he was director are: American Sugar Refining Company, Armour & Co., First National Bank of Lake Forest, Ill., Pennsylvania Railroad, Peoples Gas, Light & Coke Company, Continental Illinois National Bank & Trust Co. of Chicago, Pullman Company, and the Chicago Corporation.

The question naturally arises: What qualities did Mr. McLennan possess that caused him to become useful and eminent in these organizations that had no alliance with insurance?

Mr. McLennan's Qualities

In the first place, Mr. McLennan impressed people not only with his pleasing personality but with his knowledge of his business. He had a very acute and penetrating mind. His mental faculties ran along imaginative as well as practical lines. Therefore it was soon seen by officials of these corporations that he had something decidedly valuable to offer. When he spoke he was listened to because his suggestions always were timely and creative. He soon reached the crux of a problem. He brushed aside trivia and the superfluous and got to the core.

Mr. McLennan made his organization great not by any chance, by any special happening, by any legerdemain, by any so-called "pull." He knew how to make a better mouse trap than the other man. He was a master of his own business. He took delight in studying the insurance program and needs of large concerns. He surveyed the insurance picture of a policyholder in its entirety. He was able to put the blocks together and build a substantial insurance edifice. He saw it from all angles.

We can gain a good knowledge of Mr. McLennan by reviewing his early days at Duluth, where he was born Oct. 27, 1873. His father died when he was 14 years of age. He had to get out and make a living. His schooling, therefore, was cut short. He had to take up studies himself. He started as a bank clerk in Duluth in 1888. He served as a clerk in the Board of Trade there for two years following. He acted as a salesman and assistant buyer for the Duluth Shoe Company from 1891 to 1894.

He began his insurance career in 1894 as a clerk in the agency of Stryker, Manley & Buck at Duluth. He was made a partner in 1895. C. H. Graves & Co., an

insurance, real estate and loan agency, consolidated with Stryker, Manley & Buck and Mr. McLennan became vice president of the Graves-Manley agency and later the president of Manley-McLennan Agency, the successor to the previous firm.

Had Interest in Railroad Insurance

Railroad insurance appealed to him especially. His first big railroad account was the Northern Pacific and then he got the Great Northern line. In both of these instances Mr. McLennan won the confidence of the officers and directors by his knowledge of the business and his ability to reshape their insurance program to their great benefit. That was Mr. McLennan's prime forte. He had the information, the experience and the ingenuity to make practical recommendations as soon as he had made an analysis of the business of a special risk. He never presented his blueprint until he was perfectly satisfied that it was accurate, practical and appealing. As a result those with whom he did business had supreme confidence in his service as an insurance man. They were impressed by his character, his high standards, his ability to analyze the insurance needs and demands of a particular enterprise.

His life in his early manhood in Duluth is indicative of the influence he exerted all along the line. He was socially very popular. He could carry on a conversation with the utmost ease and anyone who came within his radius was attracted to him. He was always tactful and considerate. He played hockey with great avidity. He found relaxation in other sports. He had a real genius for friendship. He loved people.

Located in Chicago

Mr. McLennan went to Chicago in 1905, when he was 32 years of age. He chose Chicago as the center of his operations because he had acquired large railroad lines as well as accounts in such fields as mining and lumber, and he felt that it was necessary for him to be closer to the insurance market. He opened a modest office at what is now 29 South LaSalle Street, which was soon consolidated with D. W. Burrows & Co. and Marsh, Ullmann & Co., the firm becoming Burrows, Marsh & McLennan. The following year Mr. Burrows retired and the name Marsh & McLennan was assumed. Marsh & McLennan soon became a country-wide operator and Mr. McLennan brought his ability as an or-

(CONTINUED ON PAGE 40)

Sept. Fire Losses Increase 19%; Up 12.1% for 9 Months

NEW YORK—September fire losses, as estimated by the National Board totaled \$26,488,000, an increase of 19% compared with September, 1943. The September figure was 3% greater than the preceding month. For the first nine months the increase is more than 12.1%.

Comparative losses by months are:

	1942	1943	1944
Jan. \$	35,565,000	\$ 27,735,000	\$ 38,572,000
Feb.	30,819,000	23,175,000	38,280,000
Mar.	30,505,000	39,214,000	39,084,000
Apr.	27,960,000	34,241,000	34,746,000
May	23,223,000	29,297,000	32,815,000
June	22,410,000	26,854,000	30,555,000
July	21,000,000	25,016,000	32,706,000
Aug.	19,680,000	29,193,000	30,618,000
Sept.	20,443,000	26,488,000	31,448,000
Tot.	\$231,615,000	\$271,211,000	\$308,824,000

Company-Agency Parley on S.E.U.A. Case Set for Nov. 13-14

Fire-Marine-Casualty People Schedule Important Meeting at Philadelphia

NEW YORK—Aimed at fully informing the producers as to what is being done to meet the problems arising out of the S.E.U.A. decision and to elicit their opinions on the best possible course, representatives of the fire, marine, casualty and surety underwriters have arranged a conference for Nov. 13-14 at the Ben Franklin Hotel, Philadelphia, with representatives of the National Association of Insurance Agents and all other producers' organizations in the property insurance and surety field which have been represented before the insurance commissioners on this matter.

The invitations extended by General Manager J. Dewey Dorsett of the Association of Casualty & Surety Executives on behalf of his organization and the fire and marine companies at the recent N.A.I.A. annual meeting met with an enthusiastic response. Among those invited are members of the executive committee and board of state directors of N.A.I.A. and presidents of state local agents associations.

Seeking Wide Support

It is evident that one of the objectives of the conference will be to obtain the greatest possible degree of industry-wide support for the type of congressional bill which the property insurance companies believe is essential if they are to continue to do business as they have in the past.

The original date of Oct. 26 for the meeting had to be changed because of the impossibility of getting hotel accommodations.

At the annual meeting of the National association which was held in Milwaukee, Mr. Dorsett, accompanied by Roy L. Davis of Chicago, western manager of the organization, and E. M. Griggs of Chicago, assistant general counsel of the National Board, appeared before the executive committee and later the national state directors, urging that all hands unite in a common cause and agree on some plan of procedure acceptable to executives and producers.

Dorsett Was Spokesman

Mr. Dorsett acted as the spokesman before the executive committee and the state directors and later appeared in the same capacity before the convention proper, Mr. Davis and Mr. Griggs occupying seats on the rostrum.

It is known that the company organizations approve of this plan. They are anxious that the producers of the country be firmly united and that the companies and producers march together. Therefore the National Association of Casualty & Surety Agents, the National Association of Insurance Brokers, the National Association of Surety Bond Producers and other agency groups are expected to send delegates and talk over the question with others in their ranks and the company and association executives. The Association of Casualty & Surety Executives, Insurance Executives Association, National Board, marine organization, especially the Inland Marine Underwriters Association, will be represented. All are hoping that some uniform plan can be worked out.

Warehouseman's Liability for Customers' Goods Told

Warehousemen should understand what their responsibility for depositors' goods is and should know that they have adequate and proper insurance coverage. Otherwise profitable operation or even the existence of their business may be in jeopardy, Clarence R. Conklin, adjuster of Toplis & Harding, Chicago, stated in a talk before midwest warehousemen. The occasion was a joint conference at Peoria, Ill., of the Iowa Warehousemen's Association, Illinois Furniture Warehousemen's Association and Central Warehousemen's Association of Illinois.

Insurance Panel

Mr. Conklin's talk was preceded by an insurance information panel, at which Clark Nolan, Chicago broker, discussed fire insurance on warehouses; William Conklin of the Jackson Storage Co., Chicago, and chairman of the insurance commission of the National Furniture Warehousemen's Association, went into the subject of customers' insurance and E. H. Lamkin, executive secretary of the Mayflower Warehousemen's Association, dealt with business interruption insurance.

In discussing legal liability coverage, William Conklin said he believed that it has been the practice to buy only the amount of legal liability insurance that the state requires, yet today more and more warehousemen are purchasing larger amounts. The warehouseman's legal liability is greater today because of the large number of lots in storage, poorer help, and a greater strain on those doing the job with more chances of a mistake in checking and storing. The insurance is written principally by the marine companies.

Should Understand Responsibilities

Sound warehousing operation requires at least a working knowledge of the basic principles which underlie the warehousemen's rights and responsibilities with reference to customers' property, Clarence Conklin said. Lack of such understanding on the part of some warehousemen has been costly to them or to their insurance carriers, or both, he declared.

Most of the provisions of the uniform warehouse receipts act are now in force in 51 jurisdictions in the United States, Mr. Conklin stated. This provides that "a warehouseman shall be liable for any loss or injury to the goods caused by his failure to exercise such care in regard to them as a reasonably careful owner of similar goods would exercise, but he shall not be liable, in the absence of an agreement to the contrary, for loss or injury to the goods which could not have been avoided by the exercise of such care."

Can Enlarge Liability

Because of the words in the act, "in the absence of an agreement to the contrary," it is a simple matter for a warehouseman to enlarge his common law or statutory liability by agreeing to assume responsibilities beyond those legally required of him, Mr. Conklin said. There is ordinarily no duty on a warehouseman to carry insurance on his customers' property, he pointed out. If as a part of his agreement he represents to the customer that he will or does carry insurance, he has enlarged his responsibility and is bound to his obligation. It has been held that if a warehouseman agrees to store property in a fireproof building and the goods are damaged or destroyed by fire or if he agrees to keep the property in a locked room of the warehouse and does not, he is liable for the loss even though he may be otherwise free from negligence. A warehouse receipt containing a stipulation that the warehouseman is to have no liability for loss from any cause, including his own

negligence, is against public policy and unenforceable, yet he will be held strictly accountable for any agreements which intend to enlarge his common law liability, Mr. Conklin said.

When loss or damage occurs, whether or not the warehouseman is negligent in failing to exercise the standard of care legally required is a question of fact to be decided by the jury, he said. While the courts uniformly have stated the abstract rules of law as to the standard of care required, the application of the rule to the facts of each case is where divergence of opinion begins. One court or jury may arrive at a verdict different from that of another court or jury on the same set of circumstances. Also, it may constitute negligence for a warehouseman not to care for property in a certain way because of the particular or peculiar type of goods, whereas with other classes of property or in different climates and under different conditions he would not be negligent in handling it in exactly the same manner.

In almost every variety or type of circumstances or conduct which might be construed as negligence, it is probably possible to find a case where a warehouseman or other bailee has had to defend himself against charges that such conduct constituted negligence, Mr. Conklin pointed out. The standard of care is pretty well fixed, but it will still be a question for the jury to determine whether or not that degree of care was exercised.

Don't Agree on Burden of Proof

The courts are not in agreement on the question of burden of proof, he said.

The warehouseman may be free of negligence with respect to the casualty which destroyed the goods, but because of certain circumstances, for example if he stores goods within a location other than as agreed, he is held responsible for the loss. Then the general rule is that the bailment contract has been breached and the warehouseman assumes the risk of loss or damage, he said.

Mr. Conklin emphasized the need of a better understanding of limitation of liability in warehouse receipts. These limited valuations are found in some form or other in most warehouse receipts issued on furniture and household goods, and usually provide that the depositor declares that in consideration of the low rate the value on any one article or its contents does not exceed \$25 or \$50 or

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O. G. Strong Fathered Milwaukee Resolution

A mistake was made in the story of the Milwaukee convention of the National Association of Insurance Agents in saying that the famous Milwaukee resolution that was passed 20 years ago when the convention was held in the same city was presented by Fred B. Ayer, chairman of the resolutions committee. As a matter of fact, O. G. Strong of Cleveland was the chairman and the author of the resolution. There was only one resolution brought out by the committee. In effect it was that the members owe their allegiance to those companies that adhere to the American agency system and are in accord with the principles enunciated by the association. Mr. Strong has not attended a national convention since 1929. When Mr. Strong attended the Milwaukee convention 20 years ago he was a member of the Fred B. Ayer & Co. agency at Cleveland.

Feyen to Retire; National Names Hindley Coast Mgr.

L. G. Feyen, associate manager of National Fire group's Pacific department will retire on Jan. 1 and E. R. Hindley, associate manager, will become manager. E. W. Paterson and J. G. Newman will continue as assistant managers of the fire companies, and R. J. Parker, will remain as assistant manager of United National Indemnity.



E. R. Hindley

Mr. Feyen has not been well for several years, but because of war emergency conditions he has continued as associate manager. At the age of 13, he began his insurance career with the local agency of F. H. Weihe & Co., Dubuque, Ia., where he was born. With the exception of a five-year period as chief clerk of the U. S. reclamation service at Sunnyside, Wash., and later as chief clerk to the general-right-of-way agent of the P. E. & E. Railway at Portland, Ore., Mr. Feyen has served the insurance business continuously. In 1918 he joined Willard O. Wayman & Co., then general agents for National, doing general work in the field as special agent and later as state agent. In 1926 he was transferred to the San Francisco office. In 1930 National purchased the general agency and made Mr. Feyen assistant manager of the Pacific department. In 1938 he was made associate manager.

Mr. Hindley is a graduate of Yale. He joined National in 1923. He has served in the home office, and in the Pennsylvania field as special agent and as state agent. In 1938 he went to New York City as assistant general agent of National's countrywide binding and service office, and was promoted to general agent in charge soon after. In 1939 he went to San Francisco as associate manager of the Pacific department.

Wyatt Is Named Executive V.P.

Henry J. Wyatt has been elected executive vice-president of the Crum & Forster companies. He started with the organization as an office boy and for many years devoted his main attention to loss work. However in recent years he has been assuming financial, corporate and general administrative duties.

Mr. Wyatt is a director of all the Crum & Forster companies, also the Fire Companies Adjustment Bureau and Underwriters Salvage Company of New York. He is a trustee of the American Foreign Insurance Association. He is a director of Marine Midland Trust Company, Marine Midland Corporation of Delaware and Peoples Trust Company of New Jersey. He is a member of the New York bar.

Junker Lauds N.A.I.A. Program

Vice-president Harold Junker of Crum & Forster has sent a circular letter to agents stating that one of the outstanding developments of recent years is the financial support that the local agents have given the N. A. I. A. public relations program. These contributions, he states, indicate unity on the agency front and "give recognition to clouds on the horizon which have threatening aspects." The public relations program, he states, is designed to insure the insurance business through an enlightened public opinion.

Companies Are Well Fixed to Meet Lean Years in Fire Lines

Rate Cuts Not Seen Affecting Dividends; Portfolios More Conservative

NEW YORK—Faced with widespread rate decreases and coverages so broadened that the cost cannot be entirely predicted, fire companies appear to be in for at least several lean years from an underwriting profit standpoint. Fortunately surpluses are well bolstered and experts do not believe that any company is going to get hurt, for, of course, the unprofitable experience will eventually result in bringing rates up again, halting the drain before it is too prolonged.

As far as dividends to stockholders are concerned, these are almost invariably paid out of investment income and the excess of investment income plus underwriting profit is added to surplus for the further security of policyholders.

Marine Experience May Help

It is pointed out that the probable favorable experience on fire and allied lines may be offset to a considerable extent by good experience on ocean and inland marine business after the war. If there is a big American merchant marine and a large foreign trade the outlook is good for an increase in ocean marine business in the American market. As factories get under way in the manufacture of civilian goods there will be a need of greatly increased inland marine coverage on truck and rail shipments.

Rate reductions may have seemed to come at a time that made them look like efforts to justify the watchfulness of state regulatory authorities but they are said not to go beyond the experience indications of the last five years. Companies have always protested against rate reductions based on one or two years' experience and while they naturally dislike to see reductions in the face of recent high burning ratios they cannot very well object to use of the longer term basis on which the reductions are predicated.

Results Go in Cycles

The experience seems to go in cycles. From about 1919 to 1926 there was a consistent underwriting loss. Then there was an improvement until the early years of the depression, when losses became very severe. From there it began to improve and entered into a period of phenomenally good records. The fire end of the business is now in an era of burnings of large values, supplemented by bad experience on smaller risks, too. In 1941 there were about 40 fires of \$200,000 or more. In 1942 the number of such fires was about 80, in 1943 it was more than 100 while this year it is running considerably worse than that.

This condition is due not only to the speed necessitated by the war effort but by fire fighting equipment being run down, the manpower shortage, and the human carelessness that results from the inability of management to discipline employees. If a worker wants to smoke in the basement he knows the boss is not going to fire him because there is another job waiting across the street and it will be very difficult to replace anyone who quits.

One of the reasons for faith in the (CONTINUED ON LAST PAGE)

Story of the Refloating of Big Steamer in Straits of Mackinac

The refloating recently of the steamer George M. Humphrey that was sunk in a collision in the Straits of Mackinac June 15, 1943, is a dramatic story that has attracted the attention of marine underwriters. Thomas L. Lott of the Detroit law firm of Foster, Yost & Lott, Penobscot building, who handles much admiralty work, was closely associated with the problem from the outset, as representing the owners of the Clemson, the other vessel involved in the collision, and also the Roen Steamship Co., which successfully raised the Humphrey.

At the request of THE NATIONAL UNDERWRITER Mr. Lott prepared this statement of the history of the wreck, the litigation, insurance features and salvage:

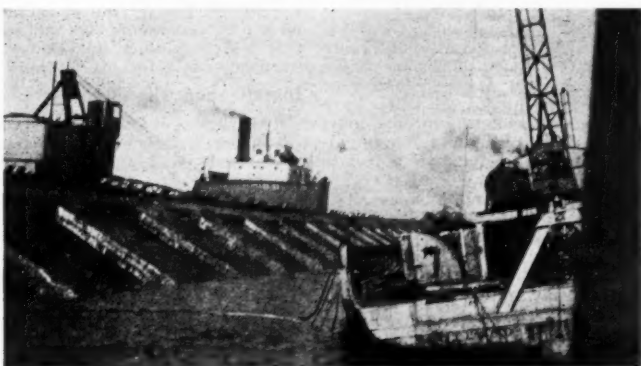
South of Graham Shoals

The collision between the steamers D. M. Clemson and George M. Humphrey occurred at about 2:30 a. m., June 15, 1943, abreast and somewhat south

both of her spars extended approximately 10 feet above the surface of the water. No lives were lost but some few crew members suffered personal injuries.

On the same day in October of 1943, the owners of both vessels filed, in the U. S. district court for the eastern district of Michigan, northern division, a petition for limitation of liability, which is a proceeding available to ship owners under and by virtue of federal statute 46 U.S.C.A. 183,188 and which permits the owner of a vessel in the case of a marine casualty to limit his liability to the value of the ship providing that the unseaworthiness, if any, was without the privity and knowledge of the owner and the owner was not personally negligent. This statute was enacted to encourage and promote shipping interests and becomes of extreme value in the event the vessel is sunk or in the event the party liable may be called upon to pay damages in excess of the value of his ship.

Under this proceeding, the court is



An anxious period before success was assured is shown here when ballast became uneven causing the port side of the Humphrey to rise out of the water. Picture courtesy of "Great Lakes Review," Cleveland.

of Graham Shoals light in the Straits of Mackinac, Mich.

The two vessels were of identical dimensions, namely 580 feet length, 60 feet beam, 32 feet moulded depth. They were built by the same ship-building company in the same yard, the Clemson in 1916 and the Humphrey in 1927. Prior to the collision the Humphrey, then owned by the Kinsman Transit Company, was west bound through the Straits of Mackinac carrying 13,992 tons of iron ore, being in charge of Arlo Dennis, master. The D. M. Clemson, owned by the Pittsburgh Steamship Company, having departed Chicago, was proceeding in an easterly direction through the Straits of Mackinac without cargo, in charge of Chris H. Johnson, master.

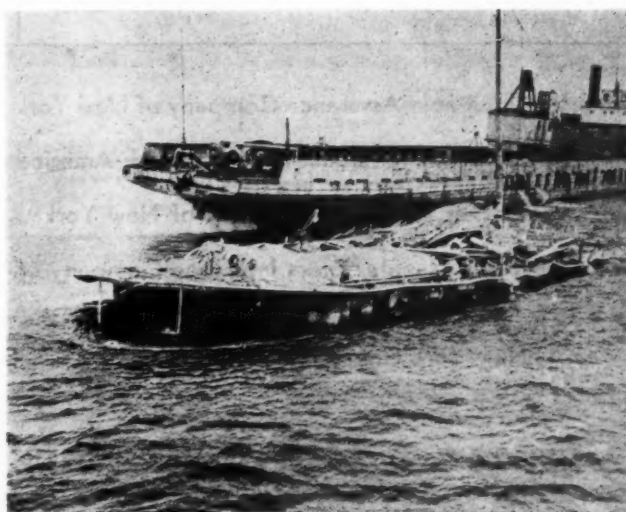
Dense fog having set in these vessels finally became aware of the presence of one another by virtue of their fog signals. They finally established a one-blast passing agreement, which meant that each ship would direct its course to starboard. Although the Clemson stopped her engines and then reversed them for a short period of time prior to the collision, the boats collided. The Clemson's bow struck the Humphrey at or about her No. 3 hatch, tearing a hole approximately 18-22 feet in her starboard side. The physical facts indicate that after the collision, the forward momentum of the laden vessel, the Humphrey, was so much greater than that of the Clemson that both vessels continued on approximately the same course as the Humphrey was going, pulling the Clemson free from the hole in the Humphrey's starboard side.

Eighty Feet of Water

The ships then parted and 20 minutes later, the Humphrey sank, about 1½ miles northeast of the Michigan State ferry docks, Mackinaw City, Mich., in approximately 80 feet of water. Her location was marked by the fact that

called upon to determine the value of the vessel immediately after the casualty, which value, of course, in the case of a vessel which has sunk and cannot be salvaged, is nil. Consequently, the reason for the filing of a petition to limit liability by the owners of both the Humphrey and the Clemson becomes apparent, the owners of the Humphrey because their ship was a total loss and not recoverable. Consequently, if the court should determine that the liability rested wholly with them, they still would have no damages to pay. In the case of the Clemson, she being the older ship and, consequently, of less value, if she were

(CONTINUED ON PAGE 26)



The hurricane deck of the Humphrey just showing above water, with the barge Maitland making one of the eight lifts which completed the salvage. Picture courtesy "Great Lakes Review," Cleveland.

Minn. Presidents



The four Minnesota men who are presidents of national insurance organizations are shown here at the banquet in their honor at Minneapolis, together with Wheaton A. Williams, Fred L. Gray Co., master of ceremonies.

Seated are Thomas G. Linnell, most loyal grand gander of the Blue Goose, and Newell R. Johnson, president National Association of Insurance Commissioners.

Standing, H. P. Skoglund, president North American Life & Casualty and president Health & Accident Underwriters Conference; Mr. Williams and Leonard C. Lund, deputy Minnesota commissioner and chairman of the fire marshals section of the National Fire Protection Association.

Stowe Broadcasts Now Are to Come from Europe

Leland Stowe, the news analyst on the Blue Network program of the National Board, soon will be broadcasting weekly Saturday evenings from that part of free Europe where he expects the greatest American interest will center at the time of his broadcast. These broadcasts are heard at 7:15 p.m., eastern war time, 6:15 p.m., central war time, 9:30 p.m., mountain war time and 8:30 p.m., Pacific war time.

Mr. Stowe announced his plans last Saturday evening on his regular broadcast. At that time he was waiting for the call to board a plane for Europe.

The Stowe quarter hour of comment on world news has grown steadily in interest and prestige. He will return to Europe for between two and three months.

Stowe expressed the opinion in a recent broadcast that the war in Europe would end with defeat of the German armies in 1944. He has an aversion for predictions in his broadcasts, but both privately and publicly Stowe has called attention to situations that later became first-page news.

Mutual Agents View Problems of Post-War Era

President Craft Warns Against Complacency; Predicts Stiff Competition

NEW YORK—Only by continued service to customers and to the nation can agents win advancement and there is no room for complacency in an active insurance office, Floyd H. Craft,



Floyd H. Craft

Greensboro, N. C., declared in his presidential address at the National Association of Mutual Insurance Agents annual convention. Immediately following Pearl Harbor, the future of the industry appeared gloomy with frozen cars and tires, restricted building operations and impending

gasoline and other rationing, causing agents and companies to wonder how long they could hold their own, he said. It is now history that the business has given a good account of itself in the war activities and professionally; however, it cannot afford complacency. Competition for business in the early post war period will be beyond anything yet experienced and the agent, to get his share, must be alert and well informed as to what buyers need and as to the types of coverages available with which to meet it.

J. M. Eaton Keynote Speaker

Attendance at the convention, which closed with a banquet Wednesday, was the largest in the association's history. H. R. Johnston, treasurer Committee for Economic Development, was banquet speaker. J. M. Eaton, assistant general manager American Mutual Alliance, was the keynote speaker with an address on the future of mutual insurance. Other subjects considered were opportunities and problems of the post war period, importance of insurance surveys to mutual agents, what the buyer expects from the agent, the agent's future in automobile financing.

Pointing out some of the obligations and opportunities for the future, Mr. Craft said the Supreme Court decision had caused much discussion and speculation and many new developments may be expected in Congress, in state legislatures and in the courts. As a result of the decision, the federal court has declared the countersignature law of Idaho invalid.

"This has been a very fine arrangement for a few local agents and I rather envy the one who informed me that the countersignature law of his state means \$8,000 yearly for him," Mr. Craft said. "This can be justified where a service is rendered by the resident agent in respect to rate development, inspection service, designing of forms and engineering and claim service. Unless there is similar justification it is now apparent that the time will come when countersignature fees will not represent easy money." It is certain that the practice will be abandoned in some sections before many years go by and this is only one aspect of the decision which may be the forerunner of many that will change the business greatly.

Many companies will continue to be

(CONTINUED ON PAGE 41)

Remedial Measures Urgent: Harrington

Asks All Insurance Men to Aid Effort to Counteract S.E.U.A. Ruling Effect

BOSTON—Immediate action looking toward either the submission of a constitutional amendment or the passage of the Walter bill, with amendments, was urged by Commissioner Harrington of Massachusetts, chairman of the commissioners' committee on federal legislation, in addressing the Boston Life & Accident Claim Association.

"Opposition to the United States supreme court decision in the Southeastern Underwriters Association case is our last stand for state control of the insurance business and if that stand is not maintained we are on our way to a fascist government," he declared.

Just returned from Washington, where he has been actively engaged in seeking a solution to the problem, following the refusal of the supreme court to review its decision, Commissioner Harrington expressed himself very forcibly on the issue and urged the insurance interests to become actively interested in bringing about remedial measures.

Business Won't Fold Up

In opening his talk he declared that the insurance business is not going to fold up and the companies are not going to refuse to carry out their contracts because of the radical decision. It may be difficult, he said, to accommodate the business to the new point of view, and much depends on what is done about it.

He paid high tribute to Edward C. Stone, United States manager of the Employers group, who, he said, had given up the whole summer to going about the country and working constantly to find the solution. A sincere effort has been made to meet the problem in a statesmanlike attitude.

Since the decision now stands, the

case of the Southeastern Underwriters Association will be tried and what the government will do in case of a conviction is not known. Fines may be levied on those affected. If the government takes any action at all, Mr. Harrington said, and if state laws conflict, the state laws are then of no more force.

Two Alternatives Considered.

The problem, in the conferences of the past few months, has been to get back to the status quo ante. Two ways are under consideration. The first is to secure the passage of a constitutional amendment establishing the right of the states to the regulation of the insurance business. Many are of the opinion this will take too long. But the fact is the last five amendments to the constitution were accomplished within a year and the same thing could happen here. With two-thirds of Congress approving such a measure, followed by approval of three-fourths of the states, the amendment would be adopted. In the coming year 42 of the states will hold legislative sessions. It would be up to the insurance interests to see to it that their congressmen act favorably on such a measure and for each state to complete the favorable action. From the opinions of even the majority in the supreme court decision it would seem that there is a high regard for the insurance business as it has been conducted, Mr. Harrington said, and also a disinclination to hand the business over to the bureaucrats.

The second way of meeting the situation would be to back the Walter bill, and to bring about such amendments to that bill as would take care of all lines of insurance.

Sees Flood of Litigation

If one of these things is not done, Commissioner Harrington said, the insurance business will go into the hands of a federal bureau and such a bureau will find that the government has no provision for rate making, no agency qualification laws, no claims department. Its decisions will immediately involve each and every state insurance department and no commissioner will be able to know what force and effect state laws

Veterans' Jobs Me. Agents Topics

Constructive and vigorous action on the important matter of jobs for returning war veterans should be taken immediately by local agents of this country, W. Ray Thomas, president of the National association, declared in his talk Wednesday at the annual meeting of the Maine Association of Insurance Agents at Poland Springs.

He suggested that perhaps the most valuable public relations work agents can do now is to help veterans get replaced, in insurance and other business and industry.

Leissler Hartford Speaker

Three service clubs of Hartford heard talks last week by John C. Leissler, Jr., publisher of the "Southwest Insurer" of Dallas, urging prompt passage of the Walter insurance states rights bill, in order to prevent the gradual taking over of the insurance business by the government.

will have in every question which comes to his attention.

Litigation will arise over conflicting federal and state laws, which may take a generation to settle. Already some very serious legal questions and suits have come up as a result of the supreme court decision. Certain companies are maintaining they do not have to have state licenses to conduct business if they are doing interstate commerce business. The validity of countersignature laws has been attacked in Idaho. He fears a great flood of litigation is bound to come.

"It appears to be the philosophy of government today to send all our problems to Washington. If we do not want that to be done with the insurance business the industry must get to work and support such measure as may be finally decided upon as the best solution."

Otto N. Hoppes of Salem, Ore., has sold his insurance business to Scellars & Foley, consisting of Elmer Scellars and John Foley.

Revoking of Detroit Bank Agency's License Is Upheld

LANSING, MICH. — The Michigan supreme court has upheld Commissioner Forbes in revoking the license of the Washington Agency, Detroit, on the ground that the agency organization was too transparent a screen for actual operation of the business by the Industrial National Bank.

The commissioner had issued the revocation order after a hearing last October, citing that both state and federal laws prohibit operation of an agency by a national bank in cities of more than 5,000. The agency sought to mandamus the commissioner to restore the license, contending the agency corporation was sufficiently separated from the bank to meet legal requirements.

The court, after reviewing the procedure by which Commissioner Forbes had determined that the agency was completely and wholly controlled and operated by the bank's officers, said the courts will not interfere with the act of an administrative officer acting fairly within the scope of his authority and that the testimony, taken as a whole, furnishes basis for his findings.

Investigation Reviewed

The report of the department's investigator relative to connections between bank and agency was quoted in the opinion. It was noted that all business of the agency originated in the bank and with its clients, particularly applicants for loans secured by personal property, presenting "implications subject to interpretation that the close relation of the agency and bank were not conducive to practices desired by the department."

The agency, when organized in 1940, had only one stockholder, the opinion noted, one Mr. Bowen who, at the first meeting after incorporation, issued the stock to four trustees, the principal bank officers. The trustees held legal title to the shares for the use and benefit of the bank stockholders. A majority of directors of the bank could remove any or all of the trustees.

It was further noted that the Washington Agency stockholders received their dividends with their bank dividends, in pro rata proportion to their bank stock holdings, and in a single check. The agency wrote insurance on 40% of the bank's loans over a three-year period.

Fla. Auto Dealers Can Be Agents

Automobile dealers of General Motors may be licensed as insurance agents of Motors Insurance Co. in Florida, to insure automobiles they sell, the state supreme court has held. The court affirmed the judgment of the Leon county circuit court, which dismissed a suit filed by the Florida Association of Insurance Agents to prevent Commissioner Larson from licensing auto dealers as agents.

The agents' association suit was based on the Florida law prohibiting licensing as agents persons seeking chiefly the commissions on insurance written for themselves, their employers or concerns in which they are interested.

An automobile dealer with an exclusive franchise to sell General Motors products is not by the terms of the contract between manufacturer and dealer "an agent or legal representative" of the manufacturer, the court said.

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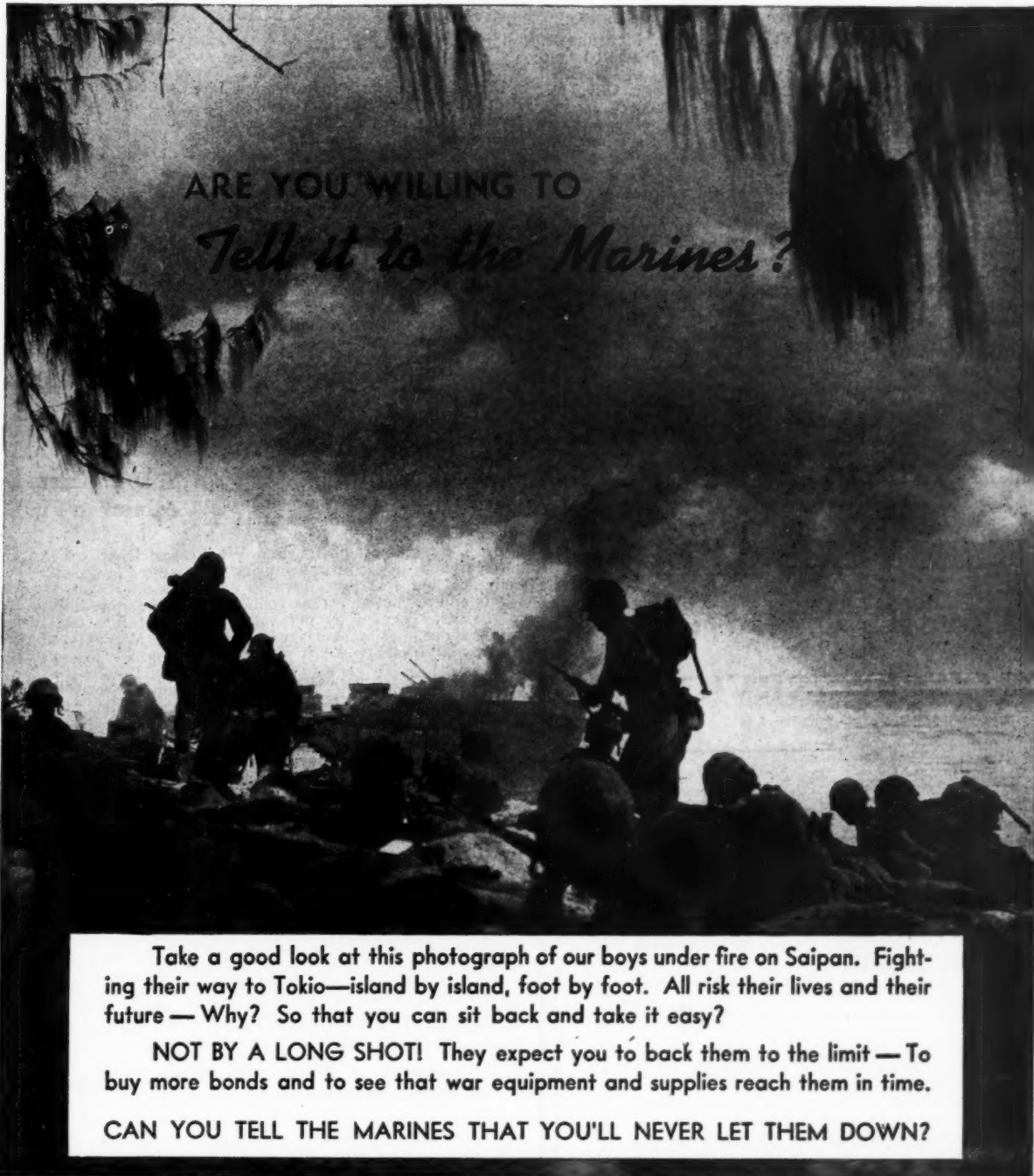
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The Girard Fire & Marine Insurance Company
Organized 1853

National-Ben Franklin Fire Insurance Company
Organized 1866

The Concordia Fire Insurance Co. of Milwaukee
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Milwaukee Mechanics' Insurance Company
Organized 1892

Royal Plate Glass & General Ins. Co. of Canada
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The Metropolitan Casualty Insurance Co. of N.Y.
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Commercial Casualty Insurance Company
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Pittsburgh Underwriters - Keystone Underwriters

BUY MORE BONDS - - AND KEEP THEM

Official U. S. Marine Corps Photo

Asks Why Water Damage Excluded

Kenneth W. Snyder of the Pierson & Williams agency of Kansas City comments on the editorial in the Oct. 12 edition "Words Fail Us." This editorial criticized the allegation of Gov. Edge of New Jersey that the windstorm contract is ambiguous in its exclusion of losses caused "directly or indirectly by tidal wave, high water or overflow whether driven by wind or not."

"Undoubtedly such losses are excluded, and I agree with you that little confusion should exist on the point," Mr. Snyder remarks.

Question Still Exists

"But this raises a question: If a strong wind blows down a tree, causing the tree to strike an insured dwelling (and/or contents), would not such damage be paid under either a windstorm policy or the extended coverage clause attached to a fire policy?"

"The wind caused the tree to move, and the tree caused the damage. Similarly, along the ocean-front, the wind caused the water to move, and the water did the damage.

"And so, although policies do exclude

such water damage, the obvious reaction is why the exclusion?"

"It is therefore not only a matter of ambiguities in our policies (which unquestionably do exist), but a matter of why policies don't cover some things which really ought to be covered."

McAndrews Joins Greer

NEW YORK—John J. McAndrews, formerly manager of the fire and inland marine loss department of National Union Fire in New York City, has joined the Greer Adjustment Company, which was organized a year ago by W. G. Greer, formerly of the Fire Companies Adjustment Bureau. T. P. Finegan, formerly of Hartford Fire's Brooklyn office, will succeed Mr. McAndrews at National Union.

Mr. McAndrews was graduated from Villanova college in 1930 and went with Hall & Henshaw, New York City general agents. Later he was with Hartford's Brooklyn office, Phoenix Assurance's New York metropolitan office, and Harold Hyer, independent adjuster, before going with National Union.

Fred J. Wegley, local agent at McPherson, Kan., is a candidate for insurance commissioner on the Prohibition ticket.

Prevention Week Widely Observed

Fire Losses Condemned by R. E. Vernor in Chicago Talk

Preliminary reports indicate that Fire Protection Week was more widely observed this year than ever before with local chambers of commerce and service organization cooperating wholeheartedly in educational and publicity campaigns.

At a special fire prevention luncheon of the Chicago Association of Commerce attended by 390, including many insurance leaders, R. E. Vernor, Western Actuarial Bureau, Chicago, president of the National Fire Protection Association, declared that faulty physical conditions and faulty human behavior at home have resulted in fire losses which have obliterated considerable sections of real wealth just as effectively as would have axis bombs. "We are now back-lashing our march toward victory at the rate of well over \$1,000,000 worth of property daily," he pointed out.

Contrasts are Cited

"We talk about man-power shortages and then burn over 10,000 people to death each year. We find it necessary to ration the necessities of life and then burn 65,000 mercantile establishments. We do a remarkable job in manufacturing war materials and transport them to battle fronts and at the same time wade about in the ashes caused by our folly. We worry about housing shortages and burn a thousand dwellings a day," Mr. Vernor emphasized.

Post-War Problems

"Further headaches are in store for us with special problems certain to arise during the period of reconversion and in the protection of vast quantities of surplus commodities.

"Fire Prevention Week needs to be multiplied by 52. Every community has a continuous job to do, for the national fire loss is the cumulative effect of local and community losses. Although we are not winning the battle against fire, the picture would have been much blacker but for the tremendous efforts being made to stop this destruction," Mr. Vernor declared.

Other speakers at the Chicago luncheon included Walter M. Sheldon, president Chicago Board; John C. Craig, state fire marshal, and Chief Frank C. McAuliffe of the Chicago Fire Insurance Patrol.

Award Former Insurance Man

A distinguished service award was presented Lieut. Andrew Cafferata of the Chicago fire department for saving the lives of three children. Lieutenant Cafferata was with the claims department of North America in Chicago for several years before joining the fire department.

Over 190,000 inspection blanks completed by Chicago school children were on display at Chicago's fire show.

Mr. Vernor also spoke in Memphis, Jackson, Mich., and at Park Ridge, Ill., during the week. At Memphis he pointed out that \$15 billion worth of industrial property has been reduced to ashes and half a million lives lost since 1900 due to a lack of knowledge of fire prevention. He charged that "the perverse unwillingness of our people to recognize fire hazards ends up in tragedies like the circus fire in Hartford."

STEVENS TALKS IN SAN FRANCISCO

SAN FRANCISCO—Jay W. Stevens, chief fire prevention bureau of the National Board, spoke at a special fire prevention luncheon of the San Francisco Ad Club. Frank Holm, advertising manager of Fireman's Fund companies, served as chairman. Fire chiefs from

Griswold Forms Own N. Y. Firm

NEW YORK—J. C. Griswold, vice-president of Fred S. James & Co., has resigned to establish a brokerage firm in New York City which will bear his name and which will take over the business of Edward R. Hughes & Co.

The New York office of the James organization will be under the joint supervision of F. S. Dauwalter, H. C. Sturhahn and Warren Stewart.

Mr. Griswold was formerly vice-president of Continental Casualty, resigning in 1934 to join Jens, Murray & Co., which was consolidated with the James organization in 1936. After four years in the James head office in Chicago he became the executive officer in charge of its New York office, where he had an excellent production record and has made many friends on the street.

Prior to his association with the James office Mr. Dauwalter was engaged in production work as head of the Business Development Office and later was assistant general manager of the National Board. Both Mr. Sturhahn and Mr. Stewart have been in the insurance brokerage business since leaving college.

A.D.T. Alarm Served to Minimize Fur Loss

SPRINGFIELD, MASS.—An American District Telegraph burglar alarm resulted in the calling of the fire apparatus to the recent Atlantic State cold storage warehouse fire in which several thousand fur coats were damaged. When the alarm went off in the A.D.T. office a guard was immediately sent out. Opening the door of the fur vault, he found smoke coming out and immediately called the fire department. This was before the fire had attained enough headway to set off the automatic sprinklers, so the fire engines were on their way before the heads opened. This helped keep water damage at a minimum.

Apparently the heat of the fire melted the frost on the brine pipes and water dripped on the burglar alarm wires on the wall, setting off the alarm. There was no alarm of the type which sounds when a sprinkler head lets go, but A.D.T. is now installing one. Incidentally, the Yale Cold Storage warehouse in New Haven, where a fire about a year ago cost insurance companies about \$3 million on fur coats, has recently installed A.D.T.'s Aero alarm and a carbon dioxide extinguishing system, which operates automatically.

Plumb Bobs in Whisky Warehouses

LOUISVILLE—Field men in inspecting whisky warehouses today have little or no trouble in determining if the warehouses are plumb and that foundations or structural timbers have stayed put.

They were very much afraid of collapses and possible resulting fires after the big collapse at the Hiram Walker plant in Peoria and another in the James E. Pepper distillery at Lexington, Ky., some years ago, but at that time distillers generally started hanging plumb bobs through their warehouses with the string tied near the roof and running down wooden columns to the foundations. If the structure gets even slightly out of line, the plumb bob will show it.

northern California, insurance executives and city officials were guests.

BETTER POSTWAR FIRE PREVENTION

CHATTANOOGA—"Our men in the armed forces are being taught the scientific way to both fight and prevent fires and when they return to their homes they will bring a new era in fire fighting and fire prevention," Commissioner McCormack declared in a Fire Prevention Week talk here.

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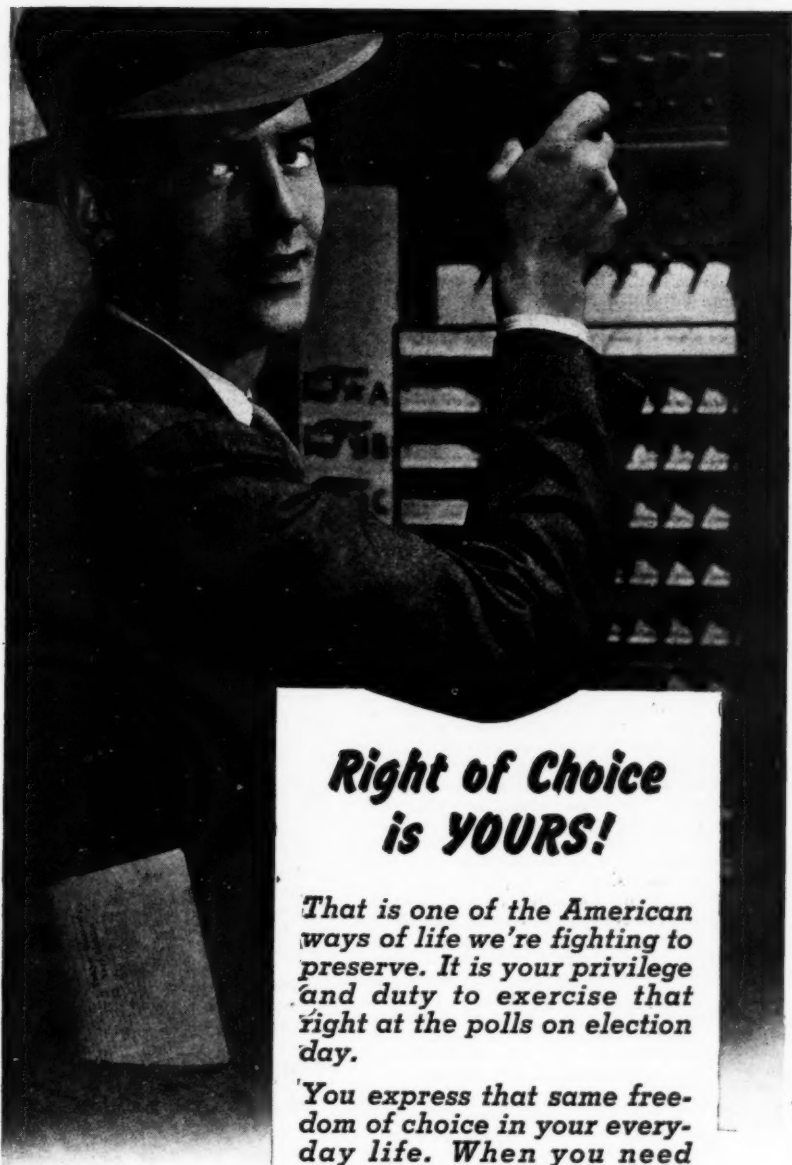
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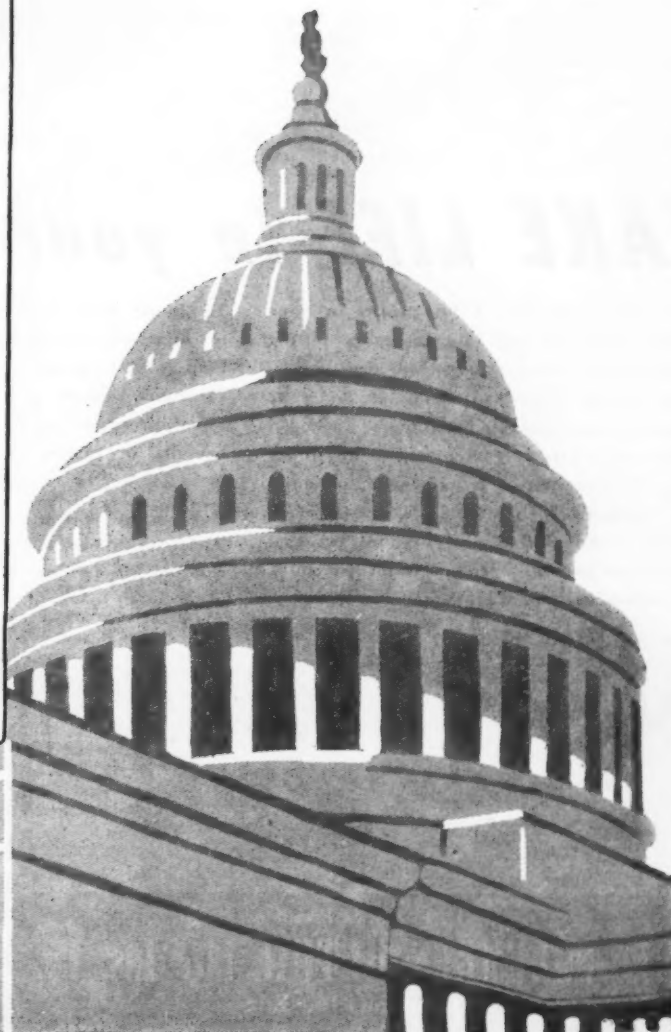
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THE POST

TIME

NEWSWEEK

PATHFINDER



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T. M. RIEHLE

eral bureaucracy to wrest control and regulation of the insurance industry from the states."

Although the question is not on the ballot, Mr. Riehle contends that one of the decisions that the voter will be making at the polls Nov. 7 is whether insurance shall be controlled and regulated by the federal government or continued under the supervision of the states "where it has been safely and satisfactorily regulated for more than a century." He points out that the Republican platform insists upon "strict and exclusive regulation and supervision" by the states, whereas the Democratic platform is silent on the subject.

If Roosevelt is reelected, Mr. Riehle predicts that it will be notice to the insurance business "of the continuance of

grasping power on the part of the federal government and that the institution of insurance will become another federal government enterprise."

Mr. Riehle states that his committee has organized 172 local committees and that groups have been organized in the insurance industry in Connecticut, California, Illinois, Ohio, Pennsylvania, New York and West Virginia.

Attempt at federal control of insurance, Mr. Riehle states, is an example of the dangerous trend toward an all powerful central government at the expense of states rights. There is no demand from the public that the federal government enter the insurance business or assume its regulation. "The sole demand for federal control," he states, "comes from the bureaucratic planners at Washington."

R. M. L. Carson of Glens Falls, former president New York State Association of Local Agents, who is state chairman of the Dewey committee, also has sent out a letter stating that every insurance agent and broker "must be concerned about the definite trend toward government encroachment on the insurance business; the recent decision of the Supreme Court holding that insurance is interstate commerce and the resulting dangers of federal control of insurance; the regimentation of all business and the stifling of free enterprise," and declaring that Governor Dewey stands for individual initiative and free enterprise in all lines of business and for supervision of the insurance business by the several states.

Hear Burton Bigelow Talk

Agents of Central Manufacturers Mutual attending the Central breakfast at the annual conference of the National Association of Mutual Insurance Agents heard a talk by Burton Bigelow, management consultant, on "Selling Techniques in the Post-War World." The breakfast was given by the agency secretary, H. A. Kern.

Helen Stombs, Illinois organization chairman of the National Association of Insurance Women's organization committee met with the new officers of the Insurance Women of Decatur, headed by Miss Florence McConnell of the Sanks agency. Miss Stombs reports that a new club will shortly be organized at Springfield.

Broderick Loses Decision in Two Auto Finance Cases

LANSING, MICH.—David F. Broderick, prominent Detroit insurance figure and head of the Dearborn National Fire, lost two decisions in actions just adjudicated by the Michigan supreme court, both involving his connections, present and past, with the writing of insurance for automobile finance organizations.

The court upheld an injunction obtained by the Universal Credit company and several affiliates prohibiting the Broderick interests from incorporating the word "Universal" in the Broderick-organized and controlled Dearborn Universal Underwriters Credit Corporation. It was noted that Broderick for many years was connected with the Universal Credit Company and its kindred corporations, which were originally formed to finance installment sales for the Ford Motor Company. Eventually the Ford interests sold the finance setup but Broderick remained with it until June, 1942.

Called Unfair Competition

Broderick's action in organizing a potential competitive insurance finance organization including in its title "Universal" was characterized as "plainly indicative of a studied attempt on the part of defendants to indulge in unfair competition with plaintiffs and to appropriate the good will of their established business." Contributing to the probable confusion in the public mind relative to the similarly named organizations, the court commented, was the fact that both were located in the same Detroit office building, the United Artists building. "Under the facts," the opinion stated, "it is well established that plaintiffs are entitled to have the defendants restrained from using the word 'Universal' as part of their corporate name and using the abbreviation 'U.C.C.'"

To the defendants' contention that there was no "actual confusion or deception proved," the court pointed out that the Dearborn Universal never commenced doing business, as the plain-

tiffs filed a bill of complaint immediately after the Broderick enterprise filed its corporate articles in 1942. Acceptance of the articles by the Michigan corporation and securities commission, while admittedly a factor to be considered, was "not necessarily controlling," the court held, in establishing that there was no conflict in the titles and no unfair usurpation of an established title. Contention that the word "universal" was a "mere geographical adjective" which could not be exclusively appropriated as a trade name, the court stated that it could not "agree that as an established and quite dominant part of the corporate name its possessor is not entitled to enjoin its similar use by another when, as in the instant case, such use obviously leads to confusion and deception." There was sufficient showing, it was held, that the finance company activities were closely connected with insurance and the lower court's decree was "not too broad."

Home Party in One Case

In the other case, D. F. Broderick, Inc., and Home sought to enforce by injunction continuance of contracts under which the Broderick agency and Home had been insuring cars financed by Continental Credit Corporation and Contract Purchase Corporation. The defendant companies had merged, using the name of Contract Purchase Corporation and selling out their offices in Cleveland, Jackson and Flint to other finance companies. After the merger, plaintiffs said, the defendants continued to operate but failed to place insurance in accordance with two master policies, one covering cars financed for dealers and the other retail installment sales. The supreme court held the lower court was correct in finding that the insuring contracts, which it was held were prepared by the insurer or general agent and hence must be construed against them, were not all-inclusive and that the finance companies had discretion under their terms not to continue insuring cars financed by them with the plaintiffs.

Mutual Company Directory '44 Edition Published

The American Mutual Alliance has published the 1944 edition of its Directory of Mutual Companies in the United States. This contains information about all mutual insurers other than life or those writing accident and health exclusively covering the calendar year 1943. The companies are listed by states, information being given as to date of incorporation, net premiums and assessment received, net losses paid and net insurance in force together with address and the name of the principal operating officer. There is also included information about the various mutual company and agency organizations.

The directory shows that on Sept. 15, 1944, there were 3,324 active U. S. fire and casualty insurance organizations and in addition 65 companies from foreign countries are operating here. There were 298 stock fire companies, 173 stock casualty, 149 stock A. & H.; 2,370 mutual fire, 189 mutual casualty, 63 mutual accident and health, 62 reciprocals and 20 Lloyds.

3,324 Fire-Casualty Insurers

The 80 member companies of the Federation of Mutual Fire Insurance Companies had premiums last year of \$89,654,152 and losses \$32,420,953 and the 11 factory mutuals had \$42,638,192 premiums and \$3,743,176 losses; the 387 other advance premium mutuals had \$57,271,586 premiums and \$25,664,445 losses. The 1,895 farm assessment mutuals had premiums of \$32,537,494 and losses \$20,554,634.

The 23 casualty companies belonging to the American Mutual Alliance had premiums last year of \$233,758,199 and losses \$94,439,468. The 160 other advance premium mutuals had premiums \$111,930,406 and losses \$36,263,834. Eleven live stock mutuals had premiums \$187,146 and losses \$104,707.

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The COLUMBUS MUTUAL Life Ins. Co.
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Cites Lessons in \$1.5 Million Pier Fire at Hoboken

NEW YORK—Damage to pier No. 4 at Hoboken in the disastrous fire of Aug. 11 amounted to \$1.5 million to the pier and \$210,000 to contents, according to a very complete report on the fire issued by the New York Board bureau of fire prevention and water supply. Earlier reports and estimates set the damage as high as \$4 million. The pier is owned by the government and no fire insurance is involved.

The report states that "it is believed that the pier is beyond repair and will have to be demolished." The pier is a two-story structure 948 feet long and 91 feet wide covering an area of 86,268 square feet. A maritime commission watchman and two stevedores lost their lives in the fire.

Emphasizes Design Faults

The report which includes a number of pictures of the destruction, emphasizes the paramount fact that proper pier construction is the biggest factor in preventing heavy losses in pier fires. Fire department or other outside protection can never substitute for pier construction and design which will prevent fire from spreading any appreciable distance from its point of origin. Never at any pier fire had there been such a formidable array of fire-fighting forces as at the Aug. 11 fire yet the pier is practically a total loss and only certain construction features prevented its further spread along the waterfront. It was the fourth large pier fire in New York harbor within the last three years and the excessive loss in each case can definitely be traced to failure to incorporate proper design in construction features.

Standards Are Not Followed

"The reasons why these pier fires spread so rapidly and extend to such conflagration proportions is clearly understood," the report points out. "These reasons have been analyzed by competent authorities who have formulated minimum requirements for pier design and construction from the fire prevention viewpoint. It is unfortunate that these findings are not more closely followed. It is also unfortunate that very few ports in the United States have adopted proper legislation governing the construction of piers and wharves."

Might Have Been Minor

The Aug. 11 fire, though originating as a superstructure fire was in all respects actually only a substructure fire. If the substructure had not been of a combustible construction or had been designed with a view toward isolating the fire near its point of origin the loss would have been minor, according to the report.

It has now been established that the fire originated in a drum of Kolloxiline, consisting of nitrated cotton with 30 to 35% ethyl alcohol, both of which are highly flammable. The Kolloxiline may have been ignited by a spark from the exhaust of a truck or a spark caused by hauling a metal bound case over the concrete pier deck. Since there appears to have been some doubt whether the stevedores knew of the hazardous nature of the contents of the drums they were handling, in the absence of any warning or markings on the drums, the report recommends that regulations requiring the individual labelling of each container in which hazardous material is shipped be enacted whether the material is shipped interstate, intrastate, or for export.

The report points out that this is the first serious fire during the war period despite the abnormally heavy service to which the piers have been put. The fire prevention bureau of the board gives credit to the work of the Coast Guard and other local and federal agencies charged with preventing pier losses by fire and sabotage.

Scan Risks for Junk Goods Hazard

Underwriters are looking out sharply these days for risks that are substantially involved in the manufacture or sale of ersatz goods and where the character of the ownership is questionable. Just recently there was a fire in a plant manufacturing a wood product that normally is made out of metal. There were some gangster elements in the ownership and just before the fire

the concern that had been taking most of this product canceled the contract. There were some suspicious circumstances in connection with the fire and the insurers have denied liability.

During the war period a number of opportunistic enterprises have sprung up and the promoters have been seeking a quick kill rather than setting up a permanent business. If they are caught with a supply of junk goods when the turn comes or when they see the turn is close at hand or if they are not disposed to try to adjust their enterprise to the post war economy the temptation to

liquidate at the expense of the insurance companies, it is believed, will be considerable.

A. P. Perry Dies in New York

Alfred P. Perry, 89, for more than 40 years associated with the New York City department of Commercial Union until he retired 18 years ago, died at the Post-Graduate hospital.

With both principals of the Ferguson-Velrs agency, **Brownsville, Tenn.**, now in service, the agency is to be operated for the duration by Mrs. J. W. Velrs.



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Mutuals Take Issue With N.A.I.A. Speaker on U. S. Income Tax Differences

Ben C. McCabe of Minneapolis, president National Tax Equality Association, whose paper was read at the N.A.I.A. Milwaukee convention, is challenged by mutual company spokesmen on a point of fact as to the effect of the difference in federal income tax formula as between stock and mutual insurers. Mr. McCabe, they say, indicated that up to the point that combined underwriting and loss ratios reach 100 the stock companies are taxed more heavily than mutuals, but that above 100 the tax falls exclusively upon the mutuals. As a matter of fact, Mr. McCabe's critics say, the so-called breaking point is not 100, but 98.

The stock company tax is 40% of underwriting profit whereas the mutuals

must pay 1% of net premiums earned less dividends to policyholders.

A stock company with \$1,000,000 premiums and combined loss and expense ratio of 95 has an underwriting profit of \$50,000 and the tax at 40% would be \$20,000.

A mutual company with \$1,000,000 premiums and paying 20% policyholder dividends would pay 1% on \$800,000 or \$8,000.

With a combined ratio of 98%, the same stock company would have underwriting profit of \$20,000, and its tax would be \$8,000 and the mutual would also pay \$8,000.

The annual bosses' night party of the Insurance Women of Birmingham will be held Nov. 17. There will be a banquet, floor show and dancing.

A "must" for every A. & H. man's library—"Planned Salesmanship," by Cousins. \$3.00 from National Underwriter.

Garrison Raps U. S. Control Plans

SAN FRANCISCO — Addressing a meeting sponsored by the Insurance Non-Partisan Committee for Dewey and Bricker, with more than 250 insurance men and women in attendance, Commissioner Garrison said the failure of the Democrats to include in their platform the traditional plank to the effect that the regulation of the insurance business was to be left to the states as it has been for more than 80 years indicated that the present administration has a plan to federalize or "take over" certain phases of the business.

Cites Earlier Activities

He pointed out that under the recent action of the Supreme Court, the federal government has the right to take over from the states not only the function of regulating the insurance business but the right to tax it as well. In California, he said, the annual income to the state from that source alone is more than \$10,000,000. He said the right of the people of California to regulate and tax the business of insurance is seriously threatened.

"One of the first actions on the part of this administration," Mr. Garrison said, "was a one-sided investigation of life insurance under TNEC. They carried on a two-year harangue and concluded by suggesting that there should be another federal bureau to oversee the regulation by the states. Then that activity ceased temporarily and they went into a legislative program. Many of us have forgotten about their suggested legislation. We have forgotten about the Wagner bill, which provides a benefit for practically every human contingency.

Would Remove Incentive

"Everyone is in favor of sound social security and extending it as far as reason will permit, but if you will read the Wagner bill you will find it does not propose social security, but would produce social collapse. You cannot take away the incentive from the individual and expect to have government continue to receive taxes."

He mentioned other bills pending in congressional committees, including a government aviation insurance plan and a bill to create a federal bureau for writing surety bonds on all federal employees.

Fireman's Fund Head Speaks

"We have come to the place," he said, "where we have assumed as fixed our right to go into any business we choose and not have to compete with our federal government. But that day, under this administration, is passing." Charles C. Hannah, president of Fireman's Fund, spoke briefly. Henry E. North, Metropolitan Life, chairman of the committee, presided.

Kansas Agents Are in Session

WICHITA—The annual convention of the Kansas Association of Insurance Agents opened here Wednesday evening with the annual past presidents' dinner and buffet-smoker. Central States Fire was host, and John H. Burns, Jr., was in charge of the smoker.

Averell Broughton, public relations counsel of the National association, has been added to the program.

SWIS Inspectors School

Advance registration was in charge of Jos. Moddrell of the Hoffman-Moddrell agency, and hotel reservations, Max Staley of Brown, Ginzle & Co. About 75 field men were on hand Tuesday and Wednesday for the second Kansas SWIS inspectors' school and conference and many of them remained over for the agents' convention.

A \$25 grand attendance prize is being given by Central Surety at the closing session. Wichita adjusting firms, Sheffer-Cunningham, H. W. Tharpe, Central Kansas Adjustment, Western Adjustment, Underwriters Adjusting and Universal are hosts at the dance which follows the annual banquet Thursday. Leslie Crawford of Wheeler, Kelly, Hagney, is banquet chairman.

Broughton's Talk

Mr. Broughton said the National association has laid a strong foundation capable of supporting an aggressive and far-reaching public relations program. Words will still have their place, he said, but now is the time for individual and combined action of every member of the association pointed towards specific goals.

These goals, he said, are recognition of the importance and necessity of the agent and the American agency system to the country; the importance of the local, state and National associations to the structure of American insurance; the vital importance of insurance, and particularly stock insurance, to every aspect of American life, and the need for maintaining its efficiency through support of the present adequate state regulatory system and freedom from bureaucratic control, and the policy of the National association to support American business in its fight to maintain free enterprise, freedom from needless bureaucracy and the prosperity which alone can insure jobs for returning veterans.

A. & C. Executives in Field

Dr. Paul Thorin, general manager from Switzerland; Ogden Davidson, U. S. manager, and A. F. McCarthy, agency supervisor of Accident & Casualty have been visiting in Chicago this week. Dr. Thorin is returning to New York and Mr. Davidson and Mr. McCarthy are going on to Kansas City.

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Predicts State Regulation, Taxes Will Be Upheld

Reuel L. Olson, a Los Angeles lawyer, has prepared an analysis of the insurance commerce case decisions in which he concludes that continued state regulation and state taxation of insurance is entirely consistent with the leading opinion in the S.E.U.A. case.

Mr. Olson contends that the "self-imposed limits" of the majority opinion have been generally overlooked in the furor resulting from the decision. Also the fact that at least for 40 years insurance lawyers have recognized that decisions of the Supreme Court upholding state insurance laws do not necessarily constitute a denial of federal power to regulate insurance is currently being largely overlooked.

Takes Issue With Stone

Mr. Olson contends that Chief Justice Stone is not warranted in his dissenting opinion statement that "the decision now rendered repudiates this long continued and consistent construction of the commerce clause (that insurance is not interstate commerce)."

Neither, according to Mr. Olson, is there justification for Justice Jackson's statement that the decision at very least will require an extensive overhauling of state legislation relating to taxation and supervision.

The excitement now raging, according to Mr. Olson, reached its present intensity in view of the dissenting opinions of Stone and Jackson. However, Mr. Olson predicts that if the validity of state statutes regulating and taxing the business is brought into question on the ground that such statutes constitute a burden upon interstate commerce, the Supreme Court justices that were responsible for the leading opinion in the S.E.U.A. case very probably would uphold those statutes. Also it might be expected that Stone, Jackson and Frankfurter would join in so doing.

Different Type of Controversy

The type of problem in all of the cases before the Supreme Court in which the validity of state statutes regulating insurance was under attack, according to Mr. Olson, presented a different controversy than was presented in the S.E.U.A. case where the validity of a state statute was not in question in any manner. Justice Black who wrote the majority opinion, according to Mr. Olson, believes that in all of those cases in which attention was focused on the validity of state statutes, the desirability of affirming the validity of such statutes by asserting that insurance is not commerce does not prevent the Supreme Court in an entirely different type of situation from asserting that insurance is interstate commerce.

Mr. Olson finds particular significance in a statement of Black: "... to uphold insurance laws of other states, including tax laws, Paul vs. Virginia's generalization and reasoning had been consistently adhered to."

In other words, Black is saying that not only has the generalization and reasoning of Paul vs. Virginia been consistently adhered to in cases where the point under consideration was whether or not insurance laws of other states, including tax laws, should be upheld but so far as Black is personally concerned he sees no reason why such state statutes should not continue to be upheld.

Justice Black, Mr. Olson declares, takes the position that when the result of judicial action will be to narrow the scope of the federal power to regulate the activities of a great business carried on back and forth across state lines, when the precise issue is not the validity of a state statute which already regulates that business, he is going to go slow in striking down an act of Congress which appears to be applicable.

Black contends that in marking out the activities properly within the sphere of state action and those properly within

the sphere of federal action, the primary test applied by the Supreme Court is not the mechanical one of whether the particular activity affected by the state regulation is part of interstate commerce, but rather whether in each case the competing demands of the state and national interests involved can be accommodated.

Insurance Loss in Mill Fire at Cedar Rapids \$500,000

Insurance loss as a result of a fire to the soy bean extractor mill and warehouse of Cargill, Inc., at Cedar Rapids, Ia., is estimated at from \$450,000 to

\$500,000 including \$200,000 U. & O. The mill which was a three story building 280 by 35 feet was completely destroyed. Considerable water damage was done to feed in sacks in the warehouse from the sprinklers and the fire department operations.

The mill had been shut down for the annual renovation. The building had been painted, the machinery cleaned and operations were scheduled to commence again two days after the fire occurred.

The Cargill insurance is handled by Marsh & McLennan and T. J. Houston & Co., Chicago, are the adjusters with T. M. Dunlap in charge.

Fire Chief Kohout of Cedar Rapids is

quoted as stating that the main shut off valve on the sprinkler system had been turned off some time prior to the fire but that has not been verified.

The fire occurred during Fire Prevention Week and Harry Boyd, columnist on the Cedar Rapids "Gazette," wrote:

"If the main idea of fire prevention week is to make people keenly aware of fire hazards Cedar Rapids certainly is putting on a lulu. One major fire and another two-alarm affair within two days ought to be plenty to make everybody fire conscious."

"Planned Salesmanship," by Cousins, the book for accident and health men. \$3.00 from National Underwriter.



*"What else that you buy
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"In the past 30 years, while other things climbed, the average cost of fire insurance has been reduced by more than 40%." This is quoted from a National Board advertisement. Your customers are also hearing the same fact plugged during the Leland Stowe broadcasts every Saturday night on Blue Network stations. But, after all, in your community you are the strongest link in this good will building chain because you can convey the information personally and locally where it will do you and the public the most good. Use every opportunity to do so!



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NEW YORK

W. F. Delaney Summarizes Insurance Laws of Cuba

NEW YORK — During his recent three months' stay in Cuba, William F. Delaney, Jr., secretary and counsel of American International Underwriters, made a study of the Cuban insurance laws and prepared a digest for use by the Cuban-American Chamber of Commerce in a pamphlet commemorating the chamber's 25th anniversary. Mr. Delaney is the author of "Reinsurance Laws of South America and Mexico," published in the annual Reinsurance Number of THE NATIONAL UNDERWRITER of December, 1941.

Following is the digest prepared by Mr. Delaney.

Statutory deposit requirements—Same for foreign and domestic companies. The requirement is \$75,000 for fire insurance, \$100,000 for workmen's compensation and \$25,000 for each of the following branches: life insurance, surety bonds, risks and accident insurance, marine insurance, and guarantees.

A Cuban insurance company may be formed under general corporate laws. Directors or stockholders need not all be Cuban but the secretary of such a company must be a practicing Cuban lawyer. Both the insured and the insurer are subject to a criminal penalty if a foreign company insures property in Cuba without having made the required deposits.

The deposit, whether for a Cuban or a foreign company, may be made in bonds or in cash. If in bonds, 35% may be in foreign securities with the balance in Cuban bonds or cash (article 3 of the law 476 of Dec. 23, 1935). The bonds are accepted at their market value (but not above face value) based on the official quotations of the Havana stock exchange if the bonds are Cuban, or on the exchange of the foreign country if the bonds are foreign. If, after being deposited, the bonds' market value falls below 70% of the amount required for deposit, additional bonds or currency must be deposited. United States currency is legal tender in Cuba and may be used for the deposit.

Authentication of Signatures—Signatures of officers executing policies must be authenticated by a notary public.

Requirements for Admission—(1) Duly certified copy of articles of incorporation

and by-laws with statement that they are in full force and effect; (2) certified copy of a resolution of the board of directors authorizing the company's entry into Cuba; (3) certification by the state or country of incorporation that the company is duly authorized to transact certain types of business; (4) a broad power of attorney conferred on the agent in Cuba; (5) a certification by the Cuban consul that the foregoing documents have been executed in accordance with the laws of the country of incorporation, also certification that the company has been duly organized in accordance with that country's laws; (6) translation legalization and protocolization of all these documents before a notary in Cuba; (7) registration in the "Registro Central de Compañías Anónimas" and in the mercantile register; (8) keeping of official books (also required of domestic companies) which are open for inspection by the government (articles 67 and 68 of decree law No. 578 of April 20, 1928).

Reserves and Investments—Cuban laws do not regulate insurance company investments and reserves.

Taxes—Both domestic and foreign companies are subject to certain general taxes and also to taxes specifically applicable to the insurance business: (1) 4% tax on premiums; (2) annual tax of \$3 per \$1,000 on the declared Cuban capital (article 14 of chapter IV of law No. 7 of April 5, 1943); (3) excess profits tax of 15% on profits in excess of 10% of the declared capital (article 15 of chapter IV of law No. 7 of April 5, 1943); (4) tax of 0.15% a month on funds maintained outside of Cuba and on foreign securities circulating in Cuba (article 3 of chapter II of law No. 7 of April 5, 1943) this tax being applied to foreign securities deposited with the treasurer general as part of the qualification deposit; (5) annual tax of 0.15% on bearer shares of stock; (6) 2% tax on funds exported from Cuba (article XVII of law of July 15, 1925, as amended by law No. 7 of April 5, 1943); (7) stamp taxes—(a) Stamp tax of \$1 on policies where premium exceeds \$10 plus a further tax of 4 cents per \$100 on the amount insured; (b) stamp tax on receipts given to insured for payment of premiums; (c) notarial stamp which must be affixed to policies; (d) tax stamps in accordance with laws 25 and 31 of 1941, with a surcharge of 20%; (8) 1.8% tax on all loss payments, plus notarial fees on losses exceeding \$300.

La. Leader on N.A.I.A. Steering Committee

W. Loring Ferguson, who was elected to the executive committee of the National Association of Insurance Agents at the annual meeting at Milwaukee, has been an insurance leader in New Orleans for a number of years. He started with Marshall J. Smith & Co. in that city in 1914 and after serving in the army he returned to that agency in 1919. In 1942 he purchased the interests of heirs of Marshall J. Smith along with W. J. Hardin and changed the name to Hardin & Ferguson, Inc. He served as president of the New Orleans Insurance Exchange for two years and was on the executive committee of the Louisiana agents' state association in 1942. He became national councillor in that year and has been state national director since that office was created. Last year he served as chairman of the fire prevention committee of the N.A.I.A.

He is a director of Pendleton Shipyards Co. and of Investors Homestead Association. A son, W. L. Ferguson, Jr., is in the navy air corps training unit.

Needn't Get Airport Insurance Bids

The attorney general of Minnesota has rendered an opinion at the request of the Minneapolis-St. Paul Metropolitan Airports Commission that the latter is not required by the state metropolitan airport act to advertise for bids on fire, liability and other kinds of insur-



W. L. Ferguson

U. S. Chamber Says Next Move Is Up to Congress

WASHINGTON — The Supreme Court's denial of the S.E.U.A. petition for rehearing "more than ever places the responsibility for remedial action squarely upon Congress," says the U. S. Chamber of Commerce, which describes the court action as "of great significance."

"If state regulation of insurance is to be maintained," says the Chamber, "and if the operations of insurance companies are to be safeguarded, legislation, or possibly a constitutional amendment, is mandatory."

"Notwithstanding the court's decision, it still appears to be the desire of Congress to leave the business of regulating insurance with the states."

Referring to draft legislation reported in preparation by the National Association of Insurance Commissioners, the chamber expresses the hope that "this legislative program, when completed and placed before Congress, will be sufficiently comprehensive to receive the full support of all sections of the insurance industry, and the public."

Although section 20 of the act provides that "provisions of section 15 of chapter 341, laws of 1933, shall apply to all construction work and every purchase of equipment, supplies or materials necessary in carrying out the provisions of this act," the practical construction and ordinary meaning of the words "equipment," "supplies," and "materials" precludes the commission from having to advertise for bids for insurance to be taken out by the commission, the attorney general ruled.

R. B. Whittemore, 81, formerly with the Aetna Life affiliated companies in St. Louis, died there.

N.F. Enc

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N.F.P.A. Launches Endowment Fund

The National Fire Protection Association announces a plan for an endowment fund to help perpetuate a program for the reduction of loss of life and property by fire. The fund is to be derived from gifts and bequests in wills by members of N.F.P.A. and others who may be interested in the project. The fund will be administered by directors and they will serve as trustees. Contributions may be deducted from federal income taxes.

Donors may, if they desire, stipulate funds to carry out specific research projects. The N.F.P.A. sets forth suggestive opportunities for research such as new methods of fire control, improvement in methods of fire department administration, improvement of fire records by state and local authorities, improvement of fire department inspection procedures, studies of state and local legislation affecting fire control, development of adequate statistics on loss of life by fire, research on toxic effects of fire gases, research on treatment of burns, development of adequate courses of instruction on fire protection for schools and colleges, development of fire prevention motion picture films, research on spontaneous ignition, studies on farm and rural fire prevention and control, research on static electricity as cause of fires, development of home and school fire prevention activities through women's organizations, development of campaign to reduce fires from careless smoking, studies of the effects of serious fires on business enterprises, studies of fire protection afforded priceless objects and records, promotion of the idea of personal liability for careless fires, development of a clearing house of information on arson and pyromania and development of a campaign for adequate protection of water front areas.

Field Men Adjusted to New Conditions

Field men now after war restrictions have adjusted themselves to the new conditions as best they can and are moving along as efficiently as possible. They cannot get around as they once did because of lack of gasoline, but most of them have C cards. They were compelled to rearrange their traveling habits, using buses, railway lines more than they formerly did. Naturally they encounter the congested traveling conditions. It is necessary to get advance accommodations where a seat or berth is desired.

Field men have found the telephone a convenient medium with which to get in touch with agents. The agents have been gradually trained so that they are able to do much themselves and thus relieve the field men of extra service. Some of the agents are lacking in manpower. They are getting along as well as those in other lines. It has been necessary to double up, get new people and the higherups have assumed some of the duties that they set aside years ago.

Conservation of Time

Agents have learned how to cut corners, reduce operations and save time. So far as the collection situation is concerned field men are not having much difficulty. People have money and are paying their bills. If agents are behind the field man is to blame because the policyholders are paying their bills.

In most cases agents are not making the increases in premiums that they did a year ago. At that time the values were increased on account of restrictions and now they have leveled down. Once in a while a concern is able to get much more merchandise or products and immediately want such coverage. As a rule agents find that merchants are much more careful to prevent fires.

They would be unable to restock their shelves if they had a material loss.

The hotel situation is still unsatisfactory owing to the congestion. Field men must get reservations or they will likely be out in the cold.

Nurse Automobiles With Care

Field men are nursing their automobiles with great care. They will be unable to get new machines and hence endeavor to keep their old ones in the best possible shape. Tires also become a problem. There are no new ones in the market for civilians. If a field man

finds that his machine is beyond further repair it will be necessary for him to get a second hand one and they come high.

D. J. Main, Denver, who is chairman of the aviation committee of the National Association of Insurance Agents, left for Boston after the Milwaukee N.A.I.A. meeting, to attend the meeting the Dartmouth alumni council. After that he will visit National Life of Vermont home office, which is one of the companies represented in his general agency. He will visit his daughter, Mrs. H. W. Keyes of Boston, daughter-

in-law of the late New Hampshire senator.

Seasonal Fluctuation in Fires

Deaths from fire take an even greater jump than property losses. A six-year average of census bureau figures shows that from the low of 389 fire fatalities in August, they increase 144% to a high of 951 in January. Property losses increase practically 50% from over \$21,000,000 in September to above \$31,500,000 in December, according to a 10-year average.



BUILD THESE EVER-RENEWING

Personal LINES

WHEN you sell insurance on personal property you are bound to develop close ties with many clients. Jewelry insurance, for example, frequently comes in big pieces, but there are hundreds of prospects for comparatively small fur or jewelry policies in your community.

But, large or small, one thing that's important about the personal lines is that a very large proportion of these policies renew year after year. Even though a \$5 or \$10 first-year premium may not pay enough commission to justify the time it takes to sell the policy, the renewal commissions are profitable and your service brings goodwill.

It's sound business to play safe with your clients, too, and at least tell them about all the kinds of insurance they should have.

This month the Security Companies are offering to their agents a new campaign which will help each one of them tell his clients and prospects about "all-risks" jewelry and furs insurance. This advertising material will pave the way for sales, both large and small.

Keeping clients informed is often neglected but is very necessary. Agents of the Security Companies—fire, marine and casualty—are fully equipped with informational and educational material on almost all lines. Each month a new campaign goes to all our agents. If you would like to see this month's material on jewelry and furs insurance, and on residence and outside theft insurance, we'd be delighted to send you a sample set without cost or obligation.



Security Insurance Companies

SECURITY INSURANCE COMPANY OF NEW HAVEN • EAST & WEST INSURANCE COMPANY OF NEW HAVEN

NEW HAVEN UNDERWRITERS • CONNECTICUT INDEMNITY COMPANY

1841 • SECURITY • THE NATION'S WATCHWORD • 1944

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GROUP
of
Fire Insurance Companies



The Phoenix
Insurance Company, Hartford, Conn.
1854

The Connecticut
Fire Insurance Co., Hartford, Conn.
1850

FOUTABLE
Fire & Marine Insurance Company
PROVIDENCE, R.I.
1859

ATLANTIC FIRE INSURANCE CO.
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.
Minneapolis, Minn.

RELIANCE INS. CO. OF CANADA
Montreal, Canada



HARTFORD
30 Trinity Street

CHICAGO
Insurance Exchange

NEW YORK
110 William Street

SAN FRANCISCO
220 Montgomery Street

MONTREAL
485 McGill Street



All Forms of Fire and
Property Insurance including
Ocean and Inland Marine
Country-wide Brokerage Service

TIME TRIED & FIRE TESTED

Postwar Planning Goes On, But Hampered by Big Issue

NEW YORK—Problems of post war planning and switching over to a peacetime basis are getting considerable thought from fire and casualty executives but it is obvious that preoccupation with the upheaval brought about by the Southeastern Underwriters Association decision has retarded the job of long range strategy that leaders would otherwise be engaged in. It is admittedly difficult to take a calm, philosophical attitude when the very foundations of the business seem to be attacked. Yet those who realize that whether insurance supervision is state, federal, international or municipal, there will always be an insurance business are doing what they can to chart a course that will point the way if, as seems likely, the European phase of the war should be over shortly.

As has frequently been pointed out, the insurance business is fortunate in not having the mechanical reconversion problems that many other industries face. Compared with the "tooling up" job that manufacturers face insurance reconversion is simple or non-existent as respects the product to be merchandised.

Concentrate on Manpower

Insurance postwar planning appears to be concentrating mainly on the manpower aspect. The "manufacture" of insurance has not had to be suspended because of the war, so there is no need to evolve dazzling, postwar models which will telescope several years' progress. With the new standard policy and the new nationwide dwelling form in the fire field and a new and simplified automobile liability policy predicted by the end of this year the product planning phase of the business appears to be well in hand. For a while at least it is going to be necessary to

absorb the effect of these changes and to see whether how the companies are going to come out with the liberalized features incorporated in the new contracts. The trend toward hammering down of fire rates was not anticipated when the new standard policy and dwelling house form were developed.

Probably the most intensive activity in rebuilding personnel after the European war is over will be among field men. Many field men were of an age that took them quickly into the armed forces. Companies have had to get along with curtailed field forces. Local agents have realized that they could not expect as many visits from special agents as in normal times. The gasoline shortage still further aggravates the shortage of field men.

Hard-Fought Race

There promises to be the most aggressive type of postwar activity among companies in trying to get their share of premiums from agencies. It will be a hard-fought race for each company to see how rapidly it can rebuild its field staff, reeducating returning personnel, promoting likely candidates from the home offices and shrewdly picking and training men who have had no insurance experience but whose records look good.

"Refresher" courses are being much discussed. Those who have been in the army or navy say it is difficult for a civilian to realize how far away a man gets from his peacetime business. When he comes back to civil life it takes him quite a while to get the army or navy out of his blood. In addition to this reorientation there is, of course, the need of catching up on the many insurance developments that have taken place in the last few years. While progress may occasionally seem slow in the

insurance business these changes nevertheless add up to a good deal and cannot be absorbed overnight.

One particular problem is recognized in connection with the most desirable type of men who will be either returning to the insurance business or entering it for the first time. That is the best way of handling men who went into the service several years ago as hardly more than boys and will come out as commissioned officers who have had considerable responsibilities. In many cases it will not be possible to give them positions in keeping with their maturity because of a lack of insurance experience and training. Yet it is recognized that from among this type of men will probably come many of the business's future executives.

Rieke Indiana Manager of Utilities of St. Louis

E. H. Rieke, who resigned recently as agency manager of Highway Mutual Casualty, has been appointed Indiana manager of Utilities of St. Louis. He has established an office in 930 Insurance Exchange, Chicago.

Mr. Rieke will travel in Indiana, where there is a substantial agency plant. He has had many years of stock agency and company experience, as underwriter and production man.

Study Rates in Md. State Risks

Maryland State Treasurer H. S. Miles has appointed a committee of 12 insurance men to study the working out of a uniform and lower fire insurance rate on state owned properties. Similar action was taken recently in regard to property owned by Baltimore. The state carries about \$45 million in fire insurance. The committee includes H. F. Ogden, Jacob Gross, Jr., R. G. Bittle, R. J. Brooks, R. P. Hunter, H. A. Parr, Jr., C. H. Roloson, Jr., C. B. Alexander, P. D. Bowen, W. C. Carter, H. W. Jackson and F. A. Roloson.

Insurance Institute Parley

NEW YORK—As it did last year, the Insurance Institute of America is limiting its annual meeting to a luncheon of the board of governors at the Drug & Chemical Club, here Oct. 24, followed by the business meeting, including election of officers and governors for the ensuing years. Members may attend either meeting.

Some Favorable Features

Chicago agencies state that one of the favorable features during the wartime is the quicker response on part of assured when any subject is up for discussion and which requires a decision. Heretofore there may have been conferences among members of a firm or officers of corporations but now a decisive answer is given without much delay. This, therefore, cuts the time of the producer. Another revelation is the fact that there is not much switching of business. As a rule an assured does not want to disturb his relationships during a dislocated time like the present. He would rather stick to his former program and his insurance consultant and not seek new affiliations because he has not the time to give to the subject that was the case before if a change in agency was determined.

MacNelly Rejoins Halifax

James E. MacNelly has rejoined Halifax after two years of service with the Canadian navy, as assistant general manager.

T/Cpl. Carl S. Lawton, Jr., son of the president of Lawton-Byrne-Bruner, St. Louis, has been reported missing in action in France since Sept. 23. He is a member of a Ranger battalion.

NATIONAL INSPECTION COMPANY CHICAGO, ILLINOIS

Service to Stock Fire Insurance companies for 41 years.
Inspections and Underwriting Reports.

J. G. Hubbell,
H. B. Chrissinger, } Managers

R. L. Thiele, Asst Mgr.
P. A. Pederson, Chief Inspector

Convention Dates

Oct. 23, Rhode Island agents, Providence, Crown hotel.
 Oct. 23-24, Ohio Association of Insurance Agents, Columbus, Neil House.
 Oct. 24, Life Members Society of Northwest Association, Chicago, Hotel LaSalle.
 Oct. 25, Arizona agents, Tucson, Pioneer Hotel.
 Oct. 26, New Hampshire agents, Manchester, Carpenter Hotel.
 Oct. 26-27, Colorado agents, Colorado Springs, Broadmoor Hotel.
 Oct. 31, California agents, Los Angeles, Biltmore Hotel.
 Oct. 31-Nov. 1, Massachusetts Agents, Worcester, Hotel Bancroft.
 Oct. 31-Nov. 1, Indiana Agents, Indianapolis, Claypool Hotel.
 Oct. 31-Nov. 2, National Association of Mutual Insurance Companies, Chicago, Drake Hotel.
 Nov. 3, Southeastern Underwriters Association, mid-year meeting, Pinehurst, N. C., Carolina Hotel.
 Nov. 8-10, Iowa agents, Des Moines, Hotel Fort Des Moines.
 Nov. 9, Connecticut Agents, New Haven.
 Nov. 9-10, Illinois agents, Rockford, Faust Hotel.
 Nov. 13-14, Conference of company officials with producers on federal legislation and procedure, Philadelphia, Ben Franklin Hotel.
 Nov. 16, Maryland agents, Baltimore, Belvidere Hotel.
 Nov. 20, New York Insurance Federation, New York City, Hotel Astor.
 Dec. 4-6, National Association of Insurance Commissioners, New York City, Commodore Hotel.
 Jan. 24-26, National Association of Accident & Health Underwriters, Omaha, Hotel Paxton.
 Feb. 5-6, Health & Accident Underwriters Conference, mid-year meeting, Chicago, Drake Hotel.
 Feb. 7-8, Insurance Economics Society Annual Meeting, Chicago, Drake Hotel.
 May 7-10, National Fire Protection Association, Chicago, Stevens Hotel.
 June 5-7, Health & Accident Underwriters Conference, annual meeting, Chicago, Edgewater Beach Hotel.

Life Members Meeting Next Tuesday in Chicago

The Life Members Society of the Northwest Association will hold its annual meeting next Tuesday evening at the Hotel La Salle, Chicago. As a curtain raiser the officers and executive committeemen will tender D. O. Stine of Reedsburg, Wis., the president, a luncheon.

List of New Members

The new active members elected to membership were:

Walter L. Akers, Los Angeles; Paul V. Chivington, Indianapolis; F. S. Dauwalter, New York City; L. H. Detmering, Jr., Cincinnati; D. H. Dresser, Chicago; G. F. Duerr, Minneapolis; F. E. Dukes, Indianapolis; R. A. Ellissen, Cleveland; Howard J. Ellis, Detroit; Will Enzweiler, Chicago; H. P. Gregg, Chicago; Walter Hansen, Ishpeming, Mich.; J. C. Hiestand, LeRoy, O.; F. B. Ingledew, Chicago; C. R. James, Milwaukee; Paul E. Jaqua, Ponca City, Okla.; Max Jones, Kansas City; W. E. Jones, Columbus; James W. Knox, Chicago; J. D. Latser, Peoria, Ill.; A. R. Lofgren, Minneapolis; E. P. Lutz, Milwaukee; J. W. MacKay, St. Louis; Homer G. Meek, Indianapolis; Geo. E. Nichols, Milwaukee; C. W. Ohlsen, Chicago; W. H. Potter, Jr., Chicago; A. R. Rathslag, Chicago; W. P. Ray, Indianapolis; W. G. Shipe, Chicago; A. B. Smillie, Chicago; J. Frank Smith, Crawfordsville, Ind.; R. W. Tapper, Chicago; R. S. Tldrick, Columbus; W. G. White, Dayton; John D. Wiese, Chicago; W. H. Wolf, Chicago; A. S. Whiteley, Wheeling, W. Va.

THE OLDEST INSURANCE COMPANY IN THE WORLD



55 FIFTH AVE., NEW YORK

Court Cases Raise Many Issues Under Fire Policy During Past Year

M. L. Landis, counsel of Central Manufacturers Mutual, in reviewing important decisions of the past year at the roundtable on fire insurance law, at the American Bar Association meeting in Chicago, pointed out that abnormal economic conditions at present give all cases dealing with the value of insured property a special significance.

He mentioned *Weems vs. Service Fire*, 178 S.W. (2d) 377, where a car was stolen and stripped and insured demanded the actual cash value of the entire car on the theory that salvage was valueless because stolen parts could not be replaced. Insured was allowed an amount determined by the traditional measure of damage, namely the difference between the actual value before and after theft. He referred also to *Cunningham vs. National Guild*, the unreported Baltimore city court case, in which it was held that the ceiling price on tires was the limit of recovery in an insurance loss, on the theory that while OPA did not claim jurisdiction, there

is no legal market other than at ceiling prices and it would be against public policy to recognize a black market by allowing a higher price. This problem, Mr. Landis believes, will become more important as the number of available automobiles for civilian use decreases.

Added Interest

With the elimination of the ownership warranties from the new 1943 policy, cases on sole and unconditional ownership, which are again quite numerous, take on considerable interest, he said. However, of the nine cases on this point there is the usual lack of uniformity and holdings, he said. He suggests that elimination of the moral hazard warranties give companies more complex underwriting problems and consequently the doctrines of waiver and estoppel will take on new significance.

Mr. Landis said that it is a source of annoyance and concern to note the frivolous manner in which many pro-

ducers and insured treat the mechanics of fire policy cancellation. It is too bad, he said, that the new fire policy does not follow the automobile policies in permitting the company to relieve itself of liability by simply proving it had mailed notice to insured at the address stated in the policy rather than having to prove that insured had actually received the notice. Consequently it is still good law to advise clients to cancel policies strictly in accordance with the cancellation provisions in the policy.

More Subrogation Suits

Apparently insurers are becoming more aggressive in exercising their rights under the subrogation clause of most policies, Mr. Landis said. A far larger proportion of the general public than is desirable seems to feel that simply because insured has been reimbursed for his loss by the insurer, the parties responsible for causing the loss should not make restitution, if it is due.

Insured, agents and companies seem to treat the lien declaration of the automobile policy quite frivolously, he said.

Mr. Landis commented on two cases involving the right of insured to select his own carrier on mortgaged property.



Yes—the agent is a good man to know!

The reason the insurance agent is a good man to know is because his daily job is making people safer and happier. Yet lots of people don't know that this is true because they don't know all the things the agent and his protection can do for

them. That's why programs of public education, whether promoted by agency or company organizations, should have our fullest support. When we tell people what insurance can do for them, then they will know why the agent is a good man to know!



Inspections save war supplies. Research promotes safety. Agents sell security. That's how insurance works!

★

Ohio Farmers

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THE INSURANCE AGENT IS A GOOD MAN TO KNOW

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SERVICE**

Frank Burns Company

In both the mortgage company was successful in the litigation because the mortgage contract contained a provision under which the mortgagor had contracted away his right to choose the insurer. Mr. Landis suggested in these two decisions there may be appropriate facts for legislative action which will confine money lenders to their particular sphere of activity and free many borrowers from undue coercion as to insurance coverage on pledged property.

Allyn Reviews Yale Fur Loss

Commissioner Allyn of Connecticut in his annual report presents some interesting comments on the Yale Cold Storage fire. The most disastrous fire of 1943 from a monetary standpoint was that which struck Yale Cold Storage Corporation in New Haven, he said. In point of number of claims involved it was the largest fire loss since the San Francisco disaster.

There were approximately 27,500 fur coats, fur trimmed coats and cloth garments stored in the building. The interested fire insurance companies immediately devised a simplified plan for handling these claims and the Connecticut department approved it.

Representatives of the insurance companies met with Mr. Allyn from time to time and kept him informed on the progress being made. More than 26,500 garments have been paid for by the insurance companies amounting to about \$3 million and of these only 53 claimants felt it necessary to seek advice or assistance from the Connecticut department. No claims on the remaining 1,000 garments have yet been filed. In these cases the garment was either returned to the owner or the company has been unable to locate the owner. Every claim that has been presented to an insurance company up to date has been paid. Of the \$3 million losses a Hartford company paid out slightly more than \$2½ million. He did not mention this company but it was Automobile.

In his annual report to the mayor of New Haven, Fire Marshal Dunn made some unwarranted predictions concerning salvage value, Mr. Allyn declared. The facts are that up to May 24, 1944, 14,269 salvaged garments were sold at eight separate public sales in New York. The total price paid for these garments was \$227,067. There still remain to be sold 1,824 garments in good condition, 475 fur garments in poor condition and 2,294 cloth garments in various conditions. The cost of salvaging these garments will be very substantial. In addition to the expenses of the salvage company the cost of cleaning alone exceeded \$80,000 and adjustment expenses will probably exceed \$25,000. It seems unlikely that the net amount realized from salvage sales will reduce the total by more than \$100,000.

Recall New Deal Complaints of 5-4 Decisions

In an editorial commenting on the adamant position of the U. S. Supreme Court in the S. E. U. A. case, the Hartford "Courant" concludes that the legal road for the prosecution has been cleared of all blocks, "cleared by a 4 to 3 decision."

"Where," it asks, "are those new dealers who used to complain when they lost a 5 to 4 decision? At least an opinion in which five justices concurred represented the majority of the whole court."

The possibility of an acquittal when the S. E. U. A. case comes to trial, according to the "Courant" should not deter Congress for a moment from completing action on the bill exempting insurance from the provisions of the anti-trust laws.

Fire Prevention Book Approved

County school superintendents of Illinois have been notified by V. L. Nickell,

Contends Economic Superiority Lies in State Rule

NEW YORK—The inherent economic superiority of state regulation over federal regulation has been largely overlooked in connection with the situation growing out of the South-eastern Underwriters Association decision and it should be given greater emphasis, according to Frank G. Dickinson, associate professor of economics at the University of Illinois and president of the American Association of University Teachers of Insurance. Mr. Dickinson was in New York recently to promote wider sales of the association's proceedings, the aim being to issue it on a quarterly rather than annual basis.

Mr. Dickinson has long been an advocate of state supervision because of its greater economic soundness. At the 1933 annual meeting of the University Teachers of Insurance, he pointed out that insurance regulation tends to be better in the creditor-minded states of the north and east and that insurance companies "would probably be better regulated by a legislative body elected by the people of predominantly creditor states than by a larger assembly (i.e. Congress), whose members represent both debtor and creditor sections."

"Uniformity is not entirely desirable," said Mr. Dickinson on that occasion. "The prospective policyholder can choose to buy his protection from a company domiciled in a state with high or low standards of regulation. His selection, favoring the state with higher standards, is a very constructive force in improving the insurance laws of his own and other states. Uniform legislation may be uniformly good or uniformly bad. For one state to pass unwise legislation is enough of an evil but a similar act effective throughout the entire nation would be tragic. If the several states retain their existing regulatory powers we can confidently expect that new practices and methods will not be adopted until they have been proven successful in other states."

At the 1939 meeting of the association, Mr. Dickinson said that "we have been permitted to buy our insurance from any company licensed in our home state, no matter where that company was domiciled. We have cast the most powerful straw vote—the payment of premiums—for the better kinds of insurance regulations, control and management prevailing in the eastern states. Under federal control we would have had a chance to vote for the kind of control we wanted only through the process of helping to elect Congressmen and Presidents who promised better federal regulation. State regulation has given us the right to vote twice, once for state assemblymen and governors who promise to improve our insurance laws and again through our premiums paid to well-managed companies domiciled in states with strong insurance laws and non-political insurance commissioners."

Illinois superintendent of public instruction, and J. H. Craig, state fire marshal, that they have approved the use of "Fire Prevention Education" as a textbook and suggested devoting at least 15 minutes a week to the subject.

Executive officers of the Illinois Association of Insurance Agents at a meeting were told of this action by President James J. Beattie, Rockford. Mr. Beattie said this recognition of the need of fire prevention work had come about through the efforts of H. L. Regan, Joliet, chairman fire prevention committee.



F. G. Dickinson

Carvalho and Jones Leave Northeastern



B. N. CARVALHO



W. J. LANGLER

HARTFORD — Climaxing a year-long controversy between the management of Northeastern and the Roger W. Babson interests, the resignation of Bertram N. Carvalho, president, and George E. Jones, first vice-president and secretary, were tendered and accepted at a special meeting of the directors Tuesday.

Oliver B. Ellsworth, chairman of the executive committee, announced after the meeting that "plans involving the future operations of the company which are under consideration by the board of directors caused these gentlemen to tender their resignations, which were accepted with regret."

Mr. Carvalho and Mr. Jones also resigned as directors. It is understood that the board named William J. Langler, formerly vice-president, to be executive vice-president.

Unsettled conditions have prevailed in the company for more than a year, since Mr. Babson first became interested in it, and this period has been punctuated with court proceedings and proxy battles. Mr. Babson eventually succeeded in having two of his associates elected to the board.

Mr. Carvalho had been associated with Northeastern and its predecessor, Rossia, for about 36 years. He succeeded Carl F. Sturhahn in the presi-

Kirkpatrick and Scheufler Give S.E.U.A. Views

ST. LOUIS—A. L. Kirkpatrick, insurance editor Chicago "Journal of Commerce," in a talk on "Prelude to The Supreme Court Decision and Some After Effects" before the St. Louis Insurance Board, gave a summation of the Missouri insurance rate litigation which eventually led to the filing of the Department of Justice's anti-trust case against the S.E.U.A., paving the way for the 4 to 3 decision of the U. S. Supreme Court holding insurance to be commerce.

He brought out that the Supreme Court decision did not find anyone guilty of anything and now the S.E.U.A. case must be tried and decided strictly on the merits of the government's charges against the defendants.

Case Originated in Missouri

"I don't think anyone will contradict my statement that this case actually had its origin in Missouri," he said. He then told of the fruitless efforts of Attorney-General McKittrick of Missouri, now the Democratic nominee for U. S. senator, to get anywhere with his quo warranto proceedings against the stock fire companies and his final decision to call for aid from the Department of Justice "because the situation was too big for any one state to handle."

Mr. Kirkpatrick told of the various steps that have been taken to unite the industry generally in a program of legislation to be presented to Congress in an effort to undo much of the harm that would result from the Supreme Court's

decision in 1938. Mr. Jones entered the insurance field in 1913 and became identified with Northeastern in 1917.

action. He brought out that the life companies are not in favor of complete immunity for any industry from the federal anti-trust acts, thus not being in harmony with the views of the leaders in the fire and casualty fields.

He took an optimistic view of the future, refusing to share the view that the business is likely to be thrown into confusion.

Insurance Superintendent Scheufler of Missouri declared that while good insurance lawyers have expressed the belief that the court decision has not adversely affected any state regulatory or taxing law that was valid previously, it may be that it will become necessary to have a case to case test of particular state laws that some persons or companies may believe adversely affect interstate commerce.

He said that the situation is now basically to be decided by the will of the people, since they must tell Congress what it can do, may do or do nothing. He advocated that the men and women of the insurance industry and others should use the ballot box and exercise their freeborn American rights guaranteed by the constitution to select those who are to reside in the White House, serve in Congress and in the various state legislatures, etc., and of course to make the fullest use of the constitutional right of petition to members of Congress.

President O. D. Evans of the insurance board presided. At the meeting Nov. 21, Eugene Dougherty, insurance buyer for Anheuser-Busch, will discuss "What the Insurance Buyer Expects from His Insurance Agent and Broker."

Marine Speakers at St. Louis

F. L. Niemeyer, Ormrod & Co., St. Louis, addressed the St. Louis Insured Members' Conference, Tuesday on ocean marine coverage.

"Trends in Inland Marine Coverage" were discussed by W. J. Michell, assistant manager North America, St. Louis.

Reinsurance

FIRE FIRE



FIRE!

and ALLIED LINES

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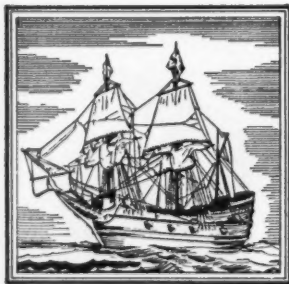
REINSURANCE

FIRE AND ALLIED LINES

JAMES Y. MILNE
PRESIDENT

90 JOHN STREET

NEW YORK



Two New England Companies

The Mayflower was chosen as the symbol of these two companies as typical of their characteristics:

*Old New England—Sound,
Safe and Fair-dealing*

BOSTON INSURANCE CO.

INCORPORATED 1873

OLD COLONY INSURANCE CO.

INCORPORATED 1906

FIRE • MARINE • AUTOMOBILE • AVIATION

87 KILBY STREET, BOSTON 9, MASSACHUSETTS

AS SEEN FROM CHICAGO

BROKERS ELECT DIRECTORS

Seven directors were elected by the Insurance Brokers Association of Illinois at the annual meeting in Chicago. These with holdover directors will meet in a week or 10 days to elect new officers. It is likely J. B. Parker, acting president, will be named president. New directors are: F. C. Bracken, L. W. Lindquist, T. F. Coleman, A. W. Ormiston, Mr. Parker, George M. Proctor, Chris M. Varde. Holdover directors are: R. H. Johnson, G. T. Scully, G. A. Seaverns, Jr., M. E. Arkin, H. Dembufsky, M. H. Donchin, R. C. Geigel, A. T. Graham, R. C. Mauerman, J. A. McGowan, J. J. Merki, J. H. Slagle, C. E. Thorsen, J. H. F. Tramel. Mr. Donchin was nominating committee chairman. It was voted to increase dues from \$10 to \$15.

Report was approved of a committee headed by T. F. Coleman, consisting of an article written by T. C. McConnell, the association's attorney, opposing passage of the Bailey-Walter bill in Congress. The Illinois brokers some time ago took a position opposed to any effort to except insurance from operation of the Sherman and Clayton acts, as distinguishing from the National Association of Insurance Brokers, which took a firm stand for states rights and state supervision of insurance. Mr. McConnell said the issue is whether brokers "wish 'to condone and sanction' the restrictive practices of organizations similar to the setup of the Chicago Board before it jettisoned its oppressive bylaws, or seek and preserve for the industry and its members that freedom which the (U. S.) Supreme Court has recently declared to be 'as certainly theirs as the right to breathe—the right to live.'"

Mr. McConnell declared the brokers opposed the Bailey-Walter bill because they are opposed to any federal legislation designed to deprive the states of the right of regulating insurance. He said the companies in backing Bailey-Walter legislation appeared to be seeking "complete emasculation of the anti-trust laws." Mr. McConnell discussed the commissioners' report on the Bailey-Walter bill, which he found agreed with the Illinois brokers position in its main points.

Newell R. Johnson, Minnesota commissioner and president National Association of Insurance Commissioners, will address a luncheon meeting of the C.P.C.U. Nov. 3, sponsored by the brokers association and American Institute for Property & Liability Underwriters, at which four Chicagoans will receive their C.P.C.U. awards, it was announced.

SKAER ON COMMITTEE

D. P. Skaer, assistant manager of the Cook County Inspection Bureau, has been made a member of the educational committee of the Chicago Insurance Club to take the place of the late R. A. Parker, manager of the bureau. He was recently appointed to succeed W. C. Daniels of America Fore, who has gone to Denver as a field man for his organization.

INSURANCE CLUB MEETING

The Chicago Insurance Club at its meeting Monday afternoon had as its guests the students taking the Insurance Institute courses who were awarded certificates. There were 68 certificates awarded and two diplomas. W. F. Kuffel of A. F. Shaw & Co., the president, was in the chair; A. T. Graham represented the insurance committee and explained the nature of the courses, stating that there were 247 registered last year. The surety course started Wednesday of this week and the casualty will begin Friday. The fire insurance course will begin later. Already 100 have enrolled. The man this year was J. H. McNichols, Aldis & Co. He received a check

\$10 given by the Distaff Society of women executives for having the highest average grade. The two diplomas were awarded to J. J. Bonk, Commercial Union, and Helen Ternandt, boiler and machinery underwriter, Royal Indemnity local office. C. M. Cartwright of THE NATIONAL UNDERWRITER awarded the diplomas and certificates. He was made an honorary member of the Insurance Club. D. P. Skaer, assistant manager of the Cook County Inspection Bureau, was the speaker of the evening.

He outlined the important features of the new dwelling and contents form, which is the same as that adopted in downstate Illinois and in many other states, and the principal changes in the Cook County rules. He said the Illinois legislature is expected to adopt the 1943 New York standard fire policy next year and that some of the new features in the forms and rules provide coverage equivalent to that of the new policy. His talk was followed by many questions from the audience.

One of the most important subjects for discussion was the status of two flat or duplex buildings. Mr. Skaer explained that under Cook County rules the number of families occupying the premises is the test for eligibility, not the number of floors. Thus, a two-flat or double house may be covered under the new dwelling form, but not a three-flat building, or a two-story apartment building containing four apartments.

Another point of discussion was the status of additional rental value insurance carried under item 6 of the new form, Mr. Skaer pointing out that the insured has the sole option of making claim for rental loss under the automatic feature of the dwelling item. Thus, if his rental value insurance under item 6 is insufficient, the assured, if he wishes, may make a claim under the 10% extension of the building item to make up the difference.

Mr. Skaer was also asked about the effect of the abolition of the 10% additional charge for the waiver of the fallen building clause on outstanding policies to which the waiver had been previously added. He explained that under present rules there is no pro rata refund of this charge, but the policy may be cancelled pro rata if rewritten for the original term, or for at least one year beyond its present expiration. He also pointed out that the abolition of the 100% additional charge for priorities coverage is abolished only as to dwelling risks.

Asked about the 10% extension to other structures on the premises pertaining to the residence, Mr. Skaer said that in his opinion this applies only to structures which are related to the assured's occupancy of the premises. For example, he said he believes this would apply to a servants' or guest house on

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an estate, but not to a rear dwelling occupied by tenants entirely independent of the assured. On the question of awnings, he said they are covered under the new dwelling form at no additional charge if extended coverage is included, but, as to apartment buildings containing three families or more, they are covered only if the 80% co-insurance clause is included.

VOSS IN CHICAGO FOR S. C. A.

Gale C. Morgan, manager Stock Company Association at Washington, says the district manager at Omaha, R. D. Voss, has been temporarily assigned to the S. C. A. Chicago district office "for a week or so," pending selection of a permanent successor to the late A. P. Morey.

OLSON EXAMINERS SPEAKER

Henry Olson, Chicago manager of First Bancredit Corporation, is addressing the Association of Fire Insurance Examiners of Chicago Thursday evening on credit with regard to insurance.

CHICAGO PREMIUM FIGURES

Below are some additional figures from the net Chicago fire premium filings by companies with the Chicago city controller's office for the 12 months ended June 30:

	1944	1943	1942
Automobile	194,073	201,510	196,219
Caled. Amer.	66,213	43,138	41,977
Carolina	15,482	12,855	12,172
Employers	102,447	92,074	59,004
Home	720,632	711,585	711,141
Royal Exch.	123,638	102,491	92,204
North River	74,200	105,420	133,125
Northern, N. Y.	68,541	98,267	88,516
No. W. F. & M.	28,231	19,178	20,000
N. Y. Ind.	86,548	95,220	90,407
Paul Revere	107,043	67,180	43,364
Standard, Conn.	103,976	95,227	101,864
Security, Conn.	145,645	146,066	134,957
Security, Ia.	48,124	49,275	51,902
Sun	84,765	113,717	112,780
Sun Ind.	46,170	43,268	39,396
Twin City	45,017	38,518	36,040
Universal	37,806	43,570	43,152
Wash. Assur.	3,159	1,625

American Field Men Meet

A 3-day meeting of western department field men of the American of Newark group, with Bert A. Jochen, western department manager, presiding, was held in Rockford, Ill. B. C. Vitt, vice-president attended from the Newark office.

Among other subjects, considerable discussion was held on the development of inland marine and automobile lines.

Craidon Marine Special Agent

National Union Fire has appointed Stanley Craidon marine special agent. He was born in Chicago and educated at Purdue University. He has had experience in handling inland marine and ocean cargo loss adjustments as well as lake marine losses. He is a junior member of Association of Average Adjusters of the United States.

Since 1942 Mr. Craidon has been with the inland marine department of National Union and for the present will continue to maintain headquarters at the home office.

Schuchhardt Heads Binder Club

E. C. Schuchhardt has been elected president of the Binder Club of Baltimore. A. H. Seffing is first vice-president; Dietrich Bretschneider, second vice-president; W. A. Weech, third vice-president; A. E. Stobener, secretary and C. E. Dunham treasurer. Luncheon meetings are held every Wednesday in the Emerson hotel.

Confer on C.P.C.U. in Detroit

DETROIT — A group of Detroit agents, solicitors and agency employees interested in studying toward the C. P. C. U. designation conferred with Dean Harry J. Loman of the American Institute for Property & Liability Underwriters here. The conference was arranged by H. Thompson Stock, chairman of the educational committee of the Detroit Association of Insurance Agents and instructor in insurance courses at Wayne University.

Stoddard Reviews N. Y. Acquisition Cost Control

A 60-page booklet, "The History of Acquisition Cost in New York," that has just been published is the work of Francis R. Stoddard, former insurance superintendent of New York. This is an historical, documented work. Its purpose may very well be to indicate the conditions that might be expected to prevail if commission competition should become unrestrained. It may have been designed as something of a storm warning to company executives that might be weighing the idea of striking out on an independent course on the assumption that state curbs might be held to be invalid in the light of the S.E.U.A. decision.

Mr. Stoddard concludes that the decision in the S.E.U.A. case only affects transactions of an interstate nature. There is, he said, no reason to expect or to assume that the authority of the New York insurance department in its interpretation and application of the laws of New York will be materially affected.

He has a closing paragraph in which he compliments the company officers, brokers and agents and members of the insurance department "who have cooperated to maintain the acquisition cost control structure." They have saved millions of dollars for the insuring public which otherwise would have been wasted, he states. By preventing needless waste, they have accomplished an enormous saving for the insuring public.

Mr. Stoddard traces the history of the procedure followed by the various New York insurance superintendents from 1899 to the present "as they performed their duty of protecting the interests of the citizens of New York through the application of expense control." Mr. Stoddard states that all of the actions were taken primarily to benefit New York State citizens but those actions have been extended to other jurisdictions "and have benefited citizens of other states."

The results of the actions in New York have been excellent, the author states. The principle of limitation of acquisition cost is generally accepted by both insurer and producer. In New York it is rare to find an insurer or producer rejecting the limitations as they have been established and this is true notwithstanding that competition for business between companies is exceedingly keen in the state. In the absence of a limitation of acquisition cost, according to Mr. Stoddard, there would be a constant and progressive increase in expenditures for acquisition. Serious abuses have been avoided in New York.

Mr. Stoddard served as New York superintendent from Dec. 1, 1921, until July 1, 1924. Previously he had been deputy superintendent.

Though not originally prepared with that purpose in mind, Mr. Stoddard's history is timely in view of the Supreme Court decision on two counts. First, the S.E.U.A. decision has stirred up interest among commissioners in doing something about acquisition cost, enactment of new rating laws and revision of existing ones. For these officials the history of the New York acquisition cost laws furnishes valuable background material. Second, the history shows clearly that membership in the acquisition cost conference has been by legal compulsion rather than by the insurers initiative, a fact which is of interest to companies in the light of the applicability of the anti-trust laws to agreements not required by state law.

Another significant point about the history is that it shows that the setup, though organized so to speak, under the gun, proved to be an almost ideal example of freedom within the bounds of official authority and hence of supervision without the type of regimentation that might have been looked for.

Mr. Stoddard, a member of the state

insurance board to which the superintendent may turn for advice, is arbitrator for the New York metropolitan area under the acquisition cost control arrangement.

Maine Weighs Self Insurance

A public hearing has been set for Oct. 24 at Augusta on the advisability of the state of Maine adopting a policy of self insurance against fire. The hearing will be conducted by the Maine legislative research committee.

State Senator Sanborn of Portland, chairman of the committee, is quoted as stating that the "startling" disparity between fire premiums paid by the state and losses paid compel the committee to consider self insurance.

Excepting the University of Maine,

the state, according to Senator Sanborn, paid about \$500,000 in premiums in the 13 years ended last May 31 and the losses amounted to \$130,000. Including the university where Sanborn said "losses were high" premiums amounted to about \$600,000 and losses \$344,000.

Western Adjustment Kam. Shifts

P. M. Cormack, formerly of Dodge City, and Walter Rowse, formerly of Duluth, have been transferred to the Wichita office of the Western Adjustment under Manager M. W. Whitelaw. W. H. Bibler, veteran staff man in Wichita, has been granted a leave of absence due to ill health.

The W. A. Hines agency, Cadiz, O., has been merged with the Hal Roach agency.

RHODE ISLAND

A Small State with
an Impressive Background



THE Narragansetts were slow to fight, although they sheltered many other Indians who under King Philip of the Wampanoags engaged the white men in bloody fighting. This condition caused the "United Colonies of New England" to declare war on them November 2nd, 1675.

1000 troops were formed in Massachusetts and Connecticut—there were no Rhode Islanders among them—with Governor Winslow of Plymouth Colony in command. At Wickford Point, Captain Prentice and scouts surprised an Indian camp, forcing them to reveal the location of their buried corn and their fort. The entire forces then set out, and after extreme hardships in freezing weather, were led by a captured Indian to the hidden fort, on an island in a big swamp. Fortunately for the white men the swamp waters were frozen giving a solid footing. Inside crudely built barricades were several hundred wigwams, a block-house and between three and four thousand Indians. One of the most horrible massacres in American history followed; many of the surprised braves were shot, and the women and children driven back repeatedly into the burning wigwams.

Canochet, chief sachem, was one of the few to escape, and enlisted enough help from other tribes to continue the hostilities into the next year. He was finally captured near Pawtucket, and taken to Stonington, Connecticut where he was shot to death. To the last, Canochet had tried to remain friendly with Roger Williams and because of this friendship spared the lives of Providence people when burning their town. His death marked the real end of the Narragansetts.

The lands roamed by the Narragansetts make a very different picture today, but the scenes are still attractive; the first office of the Rhode Island Insurance Company did not look like the present Home Office, but the Company aims are the same—to continue "Progressive in Outlook, Conservative in Management".



RHODE ISLAND INSURANCE COMPANY

PROVIDENCE • RHODE ISLAND

Progressive in Outlook—Conservative in Management

FIRE • AUTOMOBILE INLAND MARINE

OCEAN MARINE



Story of Refloating Big Steamer

(CONTINUED FROM PAGE 9)

found wholly at fault, she would only have to pay an amount up to her value rather than the full value of the Humphrey and her cargo.

In the spring of 1944, after consolidation of both petitions to limit liability, the case was tried before Arthur J. Tuttle, district judge, at Bay City, Mich. The trial consumed approximately 10 days. Our offices appeared as co-counsel with Messrs. McKeehan, Merrick, Arter & Stewart and George William Cottrell of Cleveland, for the Pittsburgh Steamship Company, owner of the Clemson.

Judge Tuttle found that both vessels were at fault and, consequently, decreed that there should be a division of damages in accordance with general admiralty rule, which is different from the rules usually applied in negligence cases; the general rule being that, if both parties are negligent, neither shall recover anything. A less generally accepted rule is that of comparative negligence, where the court determines what percentage of the negligence of each litigant was the cause of the disaster and awards damages accordingly.

In admiralty, on the other hand, if both parties are negligent to any degree, the total damage suffered by both parties is divided into two equal parts and the parties are required to pay one another on that basis. In this case, the court found that the value of the Humphrey was \$1,088,000 and that the damages suffered by the Clemson were \$32,938 for repair of the ship and \$15,820 for loss of profits, making a total of \$48,803. Consequently, by adding the two together plus the loss of cargo found to be in the amount of \$49,027, we arrive at a grand total of \$1,153,831. Dividing this by two and making various adjustments we arrive at a figure of approximately \$495,000, which was subsequently paid by the owners of the Clemson to the clerk of the court, awaiting final disposition of the rights of certain intervenors. Whether or not there will be an appeal from Judge Tuttle's decision and decree is not at the present known.

Underwriters Paid \$860,000

When the Humphrey sank, the underwriters paid to the Kinsman Transit Company the sum of \$860,000 as a total loss and the owners of the Humphrey abandoned all of their right, title and interest in and to the vessel to underwriters.

The position of the Humphrey, as she rested on the bottom of the Straits of Mackinac, was such that she constituted a menace to navigation, her position being approximately 400-600 feet to the southerly of the steamboat course taken by vessels passing through the straits south of Bois Blanc Island.

Federal statutes provide for the removal of sunken water craft by the Secretary of War acting through his agents. In most instances this work is delegated to the United States army engineers corps. The statutes are 33 USCA 414 and 415.

Pursuant to such authority the Army Engineers, through the district engineer, located at Detroit, found "that navigation of the navigable waters of the United States is obstructed and endangered by the Humphrey." This being the case, ways and means were sought to remove the vessel or to cut her down so that there would be a minimum of 35 feet of water over all parts of her on low water datum.

Unfavorable Report

We are informed and believe that the foremost salvage outfit in the country, Merritt, Chapman & Scott, sent its divers and engineers to the scene of the wreck and reported that the cost of removal would be \$500,000 with no guarantee of success. Two concerns bid for the job of cutting the vessel down to provide 35 feet of water over all parts

of her. Those bids ranged from \$45,000 down. During September, 1943, Captain John Roen, doing business as Roen Steamship Company of Sturgeon Bay, Wis., entered into negotiations with U. S. Engineer's office looking toward a contract for the salvage of the Humphrey. During those negotiations the stockpile and transportation division of the O.D.T. and the War Production Board, charged with the conduct of the war, particularly with regard to the movement of commodities, instructed the U. S. Engineer's office that the vessel should not be demolished until all means for her salvage had been exhausted. On or about Oct. 1, 1943, we as counsel for John Roen, finally obtained a salvage contract which, among other things, provided:

SALVAGE ARRANGEMENT

Captain Roen was to commence work of salvage immediately and continue until Oct. 1, 1944. In the event he was able to salvage the vessel, all right, title, and interest in and to it and its equipment and appurtenances would vest in him along with title to the cargo. In the event he was unable to salvage the vessel, the U. S. Engineers were given the option to require him to demolish to their satisfaction or to let the salvage contract to another party.

Hard to Get Bond

Captain Roen started to work on the wreck in the latter part of October in 1943 after supplying a performance bond in the penal amount of \$50,000 and a payment bond in the penal amount of \$15,000 insuring prompt payment to all material, men and labor. It might be added at this point that great difficulty was experienced in obtaining the performance bond principally, in our opinion, because the bonding companies were wholly unfamiliar with salvage work and were in possession of the report given by Merritt, Chapman & Scott. Finally Continental Casualty wrote these bonds.

The first operation for salvage consisted in making a careful survey of the vessel to determine the damage which she had sustained and the removal of the cargo and other heavy equipment so as to lighten the vessel as much as possible. During the fall of 1943 Captain Roen, through the use of clam buckets, removed some 9,000 tons of the iron ore cargo and eventually sold the same to one of the steel mills. All during the winter of 1943 and 1944 Captain Roen and his engineers checked and made provision for every contingency which

might arise. An immense amount of equipment was built and assembled so that, with the arrival of clement weather in May full salvage operations could be commenced.

One of the major problems was the suction which would be present because the vessel was resting on a clay bottom. A scale model of the mid-ship section of the Humphrey, complete in all details as far as the hull was concerned, was made and tested in a tank of water in which the actual conditions were reproduced as exactly as possible. Captain Roen sought information regarding this problem from all of the experts available and finally decided that, to be absolutely sure that the suction problem would not hinder the job, it would be advisable to expend some \$10,000 constructing an 80 foot steel tower which could be sunk into the water alongside of the vessel and down which and from which would project a nozzle so that air under 1,200 pounds of pressure could be jetted along the bottom of the ship to break the suction. It is interesting to note that such equipment was never required.

The procedure for raising the vessel was as follows:

The water bottoms and the side tanks in which water ballast is carried when the vessel is light, that is without cargo, were tested and all leaks therein plugged with the exception, of course, of the No. 1 starboard side tank which had been ripped wide open as the result of the collision. Naval architects estimated that if each of the remaining side tanks and water bottoms were completely freed of water they would provide a lift of approximately 7,000 tons. They also estimated that the dead weight of the Humphrey as she lay on the bottom of the lake was approximately 5,500 tons including the ore which could not be removed. It was, therefore, possible to cause the vessel to float by merely pumping her water bottoms and side tanks dry. Since, however, these tanks are on the bottom and rise only half way up the sides of the vessel her buoyancy would be on the bottom and she would rise to the surface upside down. It is an acknowledged fact by all salvors that once a vessel of this type capsizes it is virtually impossible to right her. Consequently, it was determined that the water bottoms and side tanks would only be freed of sufficient water so that the vessel as she rested on the bottom would have a dead weight of 1,000 to 1,400 tons. In order to lift this amount of weight 100 sheaves were affixed to each side of the Humphrey with a like number of sheaves placed on each side of a barge. This barge had a carrying or lifting capacity of approximately 4,000 tons. Four cables were reeved through these blocks, two on each side of the vessel, one end of each cable running to

a steam winch on the deck of the barge. The barge would then be filled with water and thusly sunk to her usual load-line, the cables then pulled up tight and the water pumped out of the barge by means of pumps which had sufficient capacity to pump the barge dry in 100 minutes. This operation would lift the Humphrey about six to eight feet.

Prepare for Raising

In the middle of May, 1944, Captain Roen moved his equipment to the scene of the wreck and proceeded with the aid of numerous divers, skilled engineers and mechanics to prepare for the raising. Of course, innumerable difficulties were met such as swift treacherous water currents. All were successfully solved and about the 1st of August, 1944, the barge was placed over the Humphrey, cables attached, the barge sunk, the cables pulled tight and the water pumped from the barge. This, of course, was the critical moment because at that time, if ever, the suction would cause the difficulty. In order to have eliminated it to the greatest extent possible, a ditch had been dug entirely around the Humphrey so that she was in effect resting on a mound. Experiments with the model in the tank had demonstrated that a large percentage of the suction could in this way be removed.

BIG JOB COMPLETED

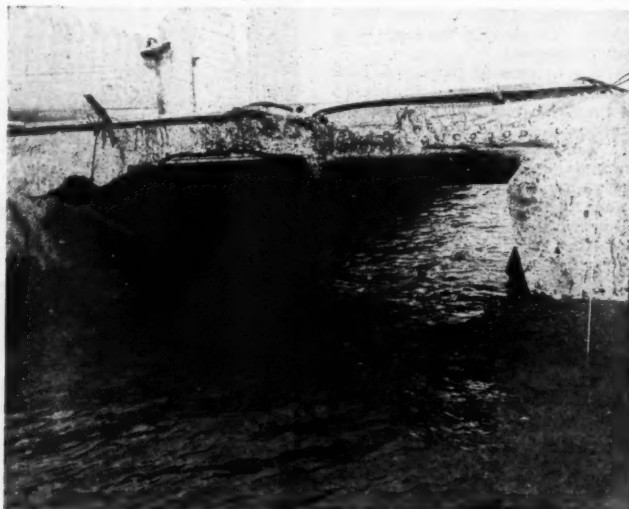
The first lift which amounted to some six or seven feet went off successfully and both vessels were towed by tugs into shallower water. The operation was repeated until such time as it was impossible to sink the barge without striking the deck of the Humphrey. When this point was reached two barges were placed alongside, one with sheaves on her starboard side, and one with sheaves on her port side and the Humphrey was raised in a similar fashion between them until her decks were awash. In the meantime, of course, the vessel had been moved almost a mile and a half from her original resting place into shallower and more sheltered waters. Pumps were then rigged and the Humphrey was pumped out after a wood and canvas patch had been placed over the hole in her starboard side. To all intents and purposes she was dry and the salvage work, as such, completed on Monday, Sept. 11.

Connecting Steam Lines

It is interesting to note that as soon as her decks were dry it was possible to connect steam lines to her deck winches and to her windlass. They all worked remarkably well for having been on the bottom of the lake for 15 months. The ice had taken a considerable toll of the vessel having crushed in her pilot house, damaged her forward cabins, and badly crushed in her after cabin which pressure continued all the way down through the engine room breaking most of the piping and bending 12 inch eye beams as though they were taffy. Furthermore, the vessel's deck had buckled between hatches No. 5 and 6 (hatches are numbered from fore to aft). The engineering advice on this part of the damage was to the effect that the vessel sank bow first and struck the bottom bow first causing a terrific strain to be placed upon the deck beams, and that the one which buckled was the weakest point. It was estimated by competent steamboat men that the cost of repairing and refitting the Humphrey would run between \$250,000 and \$400,000.

On Sept. 18, 1944, the Humphrey arrived at Sturgeon Bay, Wis., in tow of Capt. Roen's tug and it is understood that the repairing and refitting of her will proceed without delay.

Of interest to underwriters and insurance people is the procedure which the underwriters of the Humphrey took. Apparently, after receiving the report of Merritt, Chapman & Scott, the owners of the vessel claimed a total loss, and the underwriters thereof paid the same. Under the federal statute the underwriters to whom the ship had been aban-



The gaping hole, approximately 18 by 22 feet abreast of No. 3 hatch on the starboard side of the Humphrey which caused her to founder. Picture courtesy "Great Lakes Review," Cleveland.

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done by owners had then but 30 days in which to commence to remove the vessel or to demolish her. American law is such that if the owners or underwriters to whom the vessel is abandoned do nothing, the cost of removing the obstruction from the navigable waters falls upon the U. S. government. Had this vessel sunk in Canadian waters the owners or underwriters would have to have removed her at their own cost. Although the underwriters of the Humphrey did not actually abandon the ves-

sel specifically in writing, it was assumed that they had done so and after the lapse of 30 days the Secretary of War could, at his discretion, dispose of the vessel as he saw fit. Although no one at the time of the trial held before Judge Tuttle in Bay City, was positive that the ship would be salvaged, the fact that she was subsequently raised and that the cost of salvage and recapture may be considerably less than the value as found by the judge will make no difference as to the outcome of that suit.

NEWS OF FIELD MEN

SWIS Program Shows Marked Gain

Fire insurance field men in mid-western territory have completed 8,477 inspections under the State War Inspection Service program, according to figures compiled by R. E. Vernor, Western Actuarial Bureau, Chicago. Indiana, which is only partially under the SWIS program, leads with 3,218 inspections, Ohio running second with 1,784 and Michigan third with 1,061. Total number of inspections reported by states follows:

Colorado	104	Nebraska	58
Cook County...	140	New Mexico	10
Illinois	415	North Dakota...	14
Indiana	3,218	Ohio	1,784
Iowa	271	Oklahoma	139
Kansas	287	South Dakota...	29
Kentucky	172	Tennessee	75
Michigan	1,061	West Virginia...	105
Missouri	78	Wisconsin	517

Lt. Col. Warden Pittsburgh Speaker

Lt. Col. John B. Warden, chief industrial protection officer OCD, addressed the dinner meeting of the Smoke & Cinder Club at Pittsburgh Monday on the state war inspection work. The evaluating committee for the SWIS in the Smoke & Cinder Club now has on file more than 60 applications.

Leon Watson Is Slated

NEWARK—Leon A. Watson, expert of the New Jersey Schedule Rating Office, will be the speaker at the meeting of the New Jersey Field Club Monday noon, at the Robert Treat hotel, Newark. He will discuss the rule book revisions necessitated by the new standard policy.

Magill Kansas Pond Speaker

L. A. Magill, most loyal gander, assistant manager of the Kansas Inspection Bureau, led a discussion of the new dwelling forms and rule book revisions at the Kansas Blue Goose luncheon in Topeka.

Name Ohio Memorial Committees

The Ohio Fire Underwriters Association at a meeting in Columbus named committees to prepare memorials for Earl A. Reid, London Assurance, an active member; W. J. Gilsdorf, North America, retired, and T. B. Sellers, Ohio Inspection Bureau.

Mansell F. Davis, chairman of the committee on forms and rulings, explained recent changes in farm forms

adopted for Ohio. New members are David C. Pugh, Phoenix of Hartford, Cincinnati, and Wayne C. Collie, Emmco, Columbus.

The next meeting will be held in Columbus Nov. 14.

Ross West with Dubuque

Ross West, who has been with "Pacific Insurance" for several years, has joined National Reserve and Dubuque F. & M. as special agent under Manager O. A. Graven.

Hartford Farm Special in Iowa

R. J. Mugge has been appointed farm special agent of Hartford Fire in northern Iowa territory, with headquarters at Mason City. He formerly was with the farm loan department of Northwestern Mutual Life for 10 years.

NEWS BRIEFS

Nineteen members of the Indiana Fire Prevention Association speakers bureau in cooperation with the state fire marshal's office made Fire Prevention Week talks in 66 schools to pupils and teachers totalling 20,040, and to 30 service clubs, addressing 1,651 business men.

A dinner meeting and initiation will be held by the Indiana Blue Goose Nov. 6 in Indianapolis.

The first of a series of bridge lunches for wives of members of the Heart of America Blue Goose in Kansas City will be held Oct. 18 with Mrs. A. B. Young and Mrs. Ben Butler as hostesses.

The Iowa Blue Goose will hold its annual holiday dinner-dance Dec. 9 in Des Moines.

Prof. J. M. Menzies, regional analyst on China with OWI, who spent 27 years in north China, addressed the San Francisco Blue Goose Monday.

George C. Turner of San Francisco, special agent of General of Seattle in the Sacramento valley, is entering the local agency field.

NEW YORK

EAGLE STAR OFFICIAL HERE

Harry Routh, fire manager of Eagle Star at the head office in London, arrived in New York last week on his first visit to the United States. He expects to spend about a month at the New York office and another three or four weeks in Toronto at the Canadian headquarters of Eagle Star before returning in time for the Christmas holidays.

Mr. Routh said there was considerable disquiet in insurance circles in England following the decision of the U. S. Supreme Court in the S.E.U.A. case, but it was hoped that legislation would be enacted which would be helpful to the business. He expressed the opinion that any necessary readjustment would be made with the minimum difficulty.

When asked if he thought many of the men formerly in insurance in England would return to their old jobs when released from military service, Mr. Routh said "there is always room at the top." He said that the insurance industry would welcome back those men who wish to return to their work and are ambitious to further themselves, but there will undoubtedly be a great deal of difficulty in placing certain men who have risen to a commanding rank in the service and will be unwilling to return to their old routine. While this attitude is understandable, Mr. Routh said he believes it will present one of the greatest problems of reemployment both in England and in the United States. It will be a question as to how far public or national responsibility can go in finding employment for a man who refuses the job that has been kept open for him. Up to the present time there have been comparatively few English soldiers returned to civilian life, but those who were formerly in the insurance business have been welcomed back to their former positions.

Mr. Routh spoke optimistically of the

The Anthracite Field Club will meet the evening of Oct. 24 at the Sterling hotel, Wilkes-Barre. Robert M. Rogers, Wilkes-Barre city councilman in charge of parks and public property, will speak on the mine cave situation.

foreign markets of the future and said that probably in 10 years' time companies which formerly operated in France, Belgium and Holland will be back in their old places and doing business in a very satisfactory way.

NEW YORK BLUE GOOSE RALLY

The New York City Blue Goose opened its season Wednesday evening at Hoboken, N. J. Past Most Loyal Gander Richard Williams and Supervisor W. T. Murphy reported as delegates to the recent grand nest convention at Denver.

C. G. Shield to N. J. Bureau

The New Jersey schedule rating office has been awarded the U. S. Coast Guard security shield of honor for its valuable and important contributions to the security program, Leon A. Watson, expert of the rating office accepted the shield.

G. A. Dierauf, secretary-treasurer of the New York Compensation Rating Board, was guest of honor at a luncheon given by the classification and rating committee on his 25th anniversary with the board. Earlier in the day, Manager H. D. Sayer, on behalf of the staff and older board employees, presented Mr. Dierauf a wrist watch.

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EDITORIAL COMMENT

Accomplishments of Milwaukee Meeting

Several features of the Milwaukee convention of the National Association of Insurance Agents stands out in retrospect. Perhaps the most prominent is the strong impression that the next year or two will make or break the public relations program. The members backed it enthusiastically, a sound foundation has been laid and it was ably buttressed by able talks of outstanding leaders from outside the insurance business. The big question now seems to be whether the rank and file of the association will follow through. It will take a good deal of perseverance to go through the period when little will be forthcoming in the way of immediate, tangible results or even spectacular announcements. It can be done, and we believe it will be done, but it will require application, tact and persistency not only of the National officers and staff, but also of every state and local leader.

Despite the obvious and understandable desire of association leaders to concentrate attention on the public relations program, the important question of financed accounts, particularly automobile, bobbed up time and again at Milwaukee. It almost stole the show and invariably attracted the most notice and time whenever brought up at general sessions, at committee meetings, at regional meetings and at meetings of the National Board of State Directors. It is an encouraging sign that agents throughout the country are conscious of a crucial post-war problem and are aggressively undertaking to get their share of this business.

Bearish View on Overseas Expansion

In looking over the "Review" of London of Sept. 15, we came across two juxtaposed articles that cause us to take a bearish view of the prospect of American insurance becoming an important factor internationally after the war.

One of these articles declared that a matter of urgent interest to French insurance people is the speedy resumption of reinsurance relations with Great Britain. Reinsurance cover, it is stated, must be effected immediately and, as happened when North Africa was liberated, a British insurance mission should at the earliest possible moment be sent to Paris to negotiate the details of the arrangement. It seems urgent, the "Review" states, that negotiations should be speeded up, "though we naturally assume that both the British Insurance Association and the individual compa-

The National Board of State Directors is still going through its formative period and it will take more time for it to reduce its meetings to a standard basis. Some outsiders thought there was too much repetition at the meetings and some members felt too much time was spent on details which could better be left to the executive committee. If either or both are right, the matter will undoubtedly adjust itself. It is the most democratic institution yet devised by the National association and the members have certainly taken their obligations seriously. As we pointed out after the first meeting early in 1943, even though the board arrives at the same conclusion which the executive committee would have reached on a matter, the question and the workings have been brought out in public and there is no room for anyone to be suspicious. An inevitable and outstanding consequence of the board is the obviously greater confidence this creates in the executive committee.

One suggestion raised at the board meeting which should not be discarded lightly is that of creating some plan of broker membership. We have no idea whether any such plan can be worked out on a practical basis, but a development along these lines would make the National association representative of the entire insurance producing interest. It would also strengthen the National association in cities where brokers dominate production—which is about all that the association needs to round out its strength.

nies, here and in France, have long had their plans ready for the reestablishment of insurance and reinsurance relations between the two nations."

The other article declared that one of the ways in which cooperation between Great Britain and the Soviet Union can manifest itself is by an exchange of reinsurance facilities. An exchange of target risks will facilitate reconstruction, it is stated. Notwithstanding that the Soviet Union has a system of state insurance while Great Britain relies upon private enterprise, the publication states, there should be a basis for cooperation between the Gosstrakh, the Russian state insurance office, and the British insurance companies.

The "Review" said it is understood that such cooperation has to some extent been established and that British insurance interests have ceded a certain

amount of reinsurance to Gosstrakh.

What caused us to have a sinking feeling regarding the international prospects for American insurance is, the fact that while we are academically discussing the idea of venturing abroad some day after the war is over, the British insurance interests and undoubtedly with government assistance are realistically proceeding to set up shop throughout the world wherever the opportunity presents itself. We venture to suggest that it has never crossed the mind of an insurance man in this country to try to make a dollar with an insurance trade with Russia.

Another contrast occurred to us and that is that while British insurance interests are undoubtedly being supported in their international operations by their government, here in the United States the government is trying to put the heads of our insurance companies in jail and has caused so much domestic turmoil for the insurers that the chief executives have not had much of a chance to think about developing foreign markets during the past year or two, which probably was the time when such plans should have been made.

At the time of the June annual convention of the National Association of

Insurance Commissioners the absorbing topic was scheduled to be the report of the so-called multiple line committee headed by John A. Diemand, president of the North America companies. One of the recommendations of this committee was that American companies be permitted to do a multiple line business in foreign lands so as to be able to compete on more even terms with insurance companies of other countries. But the insurance commissioners and the industry group was able to give only secondary attention to that report, because just a week before the Supreme Court had given its shocking opinion in the S.E.U.A. case. That became the all absorbing topic. We don't say that had it not been for Attorney General Biddle's prosecution of the fire insurance companies and the far reaching consequences thereof, American insurance companies would be hanging out their shingles in France or making reciprocal reinsurance arrangements with Gosstrakh but it is a correct statement that the federal government, in precipitating confounding domestic issues in the insurance field, has deadened the few feeble impulses that were becoming apparent for American overseas insurance operations.

PERSONAL SIDE OF THE BUSINESS

Fred B. Humphrey, resident manager at Dallas and southwestern sales representative of THE NATIONAL UNDERWRITER, was a Hoodoo Day, Friday, the 13th, victim. He suffered a dislocated elbow in a fall in an office building at Muskogee, Okla. Mr. Humphrey walked down a flight of stairs in the building, rather than take the elevator, and when he stepped through the door on the floor below he stumbled over a pile of lumber that had been placed there in preparation for making some building repairs. Mr. Humphrey was taken care of in a hospital at Muskogee. He will be confined to his home for a time.

S. B. Komaiko, class 1 agent of Chicago, has returned to his desk after an illness of 2½ months due to a heart attack. He was stricken on the sidewalk at 71st and State streets and was taken to St. George's hospital. Mr. Komaiko was in the hospital for two months then convalesced at his home.

William G. Martin, agency superintendent of America Fore in the western department, is now enjoying a vacation after having been ill about six weeks. He was in the hospital more than two weeks. He is now looking fit.

Charles E. Cameron & **Van Dyke**, local agents, Athens, O., has been elected to receive the 33d degree in Masonry in Boston next year, in recognition of 35 years of service in southern Ohio.

R. L. Corey, special agent at Syracuse, N. Y. of the National Fire group, completes 25 years' service Oct. 20. He entered the Jersey field as special agent

after several years in the home office, then was in the suburban New York field, and in 1942, was transferred to his present post, serving central New York.

Francis H. Spencer, for many years Virginia special agent of Springfield F. & M., has just celebrated his golden wedding anniversary. He supervised Virginia for Springfield with Richmond headquarters from 1921 until Jan. 1, 1944, when he was retired. He had previously supervised the two Carolinas for the company. He is a former president of the Virginia Field Club. He joined Springfield 33 years ago at the home office as chief examiner for the southern department.

Mrs. W. W. Hamilton, whose husband is manager of the Chicago Board, suffered injuries in an automobile accident while driving with her father near Birmingham, Ala. She received attention at a hospital there and then managed to get on to Chicago where she is confined at University Hospital. She is making a good recovery.

Norman Lenz, marine manager of Eliel & Loeb, Chicago agency, spent 10 days in New York on business.

Wm. A. Bartlett of Chicago, western manager of Halifax, is on a six weeks western trip. He will go to Oklahoma, Texas and then to California for a vacation at his ranch. He will return by way of Denver.

Charles H. Coates, formerly western manager of National Liberty and later vice-president and president at the head office before it was taken over by Home, is now living at 300 South Broadway, Tarrytown, N. Y. He spent considerable

THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York.
EDITORIAL DEPT.: C. M. Cartwright, Editor. Levering Cartwright, Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor, Kenneth Force.

PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO 4, ILL. Telephone Wabash 2704.
BUSINESS DEPT.: John F. Wohlgenuth, President. Howard J. Burrig, Vice-President and Secretary. John Z. Herschede, Treasurer.

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Editorial Assistant. Business Dept.—N. V. Paul, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 3706. E. H. Fredrikson, Resident Mgr.

SAN FRANCISCO 4, CAL.—507-S-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Resident Manager. Miss A. V. Bowyer, Pacific Coast Editor.

able time in the hospital during the winter but now is on the road to complete recovery.

Paul Hardesty, manager U. S. Chamber of Commerce insurance department, attended the National Association of Mutual Insurance Agents convention in New York this week.

DEATHS

Edward B. Dilhoff, Cincinnati agent, died last week, after a sudden stroke, at the age of 47. He had been in the insurance business in Cincinnati for 20 years, following graduation from Dayton University. He had served with Ohio Inspection Bureau and as a field man for Phoenix Assurance and Baltimore American. He is survived by Mrs. Dilhoff, four sons and four daughters. One of his sons, Edward, Jr., had arrived home after 10 months LST service with the navy in France only a few hours before his father's death. Another son, Thomas, is on submarine duty, based at New London, Conn. Mr. Dilhoff's father, Joseph T., and his brother, Joseph T., Jr., were associated with him in the agency.

Mrs. Royal A. Buckman, wife of the adjuster of the Royal-Liverpool groups in Chicago, died Monday afternoon at St. Francis Hospital, Evanston. Mr. and Mrs. Buckman resided at 1025 Greenwood avenue, Wilmette, Ill. The funeral service was held Wednesday afternoon. Blanche Buckman was one of the most popular women who attended the annual gatherings of Illinois field men. She was universally beloved. Mrs. Buckman was taken to St. Francis Hospital for a gall bladder operation a few weeks ago. She seemingly was recovering and was taken home but hemorrhages developed and she returned to the hospital and died there.

Charles C. Williams, 72, formerly a special agent for 20 years for Stone, Stafford & Stone, died at his home in Indianapolis, Ind. He retired two years ago.

John L. Mosher, vice-president of the Albany Insurance Agency, Inc., died at his home in Albany. Mr. Mosher was a civil engineer as well as an insurance man.

Frank A. Morrill, 80, for half a century a local agent in Norwood, Mass., died at his home.

Miss Edith L. O'Bryan, 49, for many years with the Carpenter & Burba agency, Louisville, died after a two weeks illness from a heart ailment.

William A. Baxter, 45, special agent of Pacific National Fire at Sacramento, Cal., for a year and a half, died following a heart attack. Before going to California he had been an insurance broker for 13 years in New York. He was for a time with the local agency of Elliott & Huston at Sacramento.

R. J. Grant, formerly president of Hardware Mutual and Hardware Indemnity of Minnesota, and Mrs. Grant have been notified of the death of their 21-year-old son, **Lt. James Paul Grant** from wounds received in battle in France. He was born in St. Paul, was graduated from St. Thomas Military Academy and was attending Notre Dame when he entered the army as second lieutenant. He was sent overseas in April of this year. He was awarded the Purple Heart for wounds received in July.

Another son, **Richard J. Grant, Jr.**, is serving with the navy in the southwest Pacific.

Pfc. William L. Higgin, 38, who was with Underwriters Adjusting in Cleveland for two years before he joined the army in 1943, was killed in action on the Italian front. Last May he had been cited for gallantry in action. As radio operator, Pfc. Higgin "accompanied his battalion commander throughout a period of continuous and violent action," the citation read. "Many times they came under heavy machine

gun and mortar fire and at times, when radio communication was interrupted by terrain features, he exposed himself to further enemy action in moving to higher ground so that communication would be maintained. His devotion to duty and determination to carry out his assignments at the risk of life were of material aid to his battalion and reflect the highest traditions of the military service."

Before joining Underwriters Adjusting, Pfc. Higgin was in the insurance business in Chicago and Springfield, Ill., since 1928, with General of Seattle, Bankers Indemnity and Trinity Universal.

Sgt. Wayne L. Phillips, former special agent in southern California of Fireman's Fund, was killed in action in the European theater.

A. P. Morey, district manager at Chicago for Stock Company Association, died of a heart attack. Funeral services were held at Racine, Wis.

Mr. Morey went to Chicago from Racine to become connected with the old Traders of Chicago in 1905. Later he served as Illinois state agent for Phoenix of Hartford and in 1912 became connected with the Chicago and Cook county department of Critchell, Miller, Whitney & Barbour. A few years later he joined the Rollins, Burdick, Hunter Company agency and prior to his connection with Stock Company Association operated his own brokerage organization.

IN U. S. WAR SERVICE

Prvt. Victor Arnopolin, son of L. H. Arnopolin, Chicago broker, was wounded in the face by a bomb in France. He enlisted in May, 1943, before he was 18. He is in the infantry.

Marine Maj. Cyril C. Sheehan, formerly with Minnesota Mutual Life and also with the W. A. Lang agency in St. Paul, received high praise for his excellent work as regimental supply officer during the Saipan and Tinian campaigns.

Arthur Clements, vice-president of Mid-States of Chicago, who is stationed in New Guinea, has been promoted to captain in the army air forces.

Capt. Miner Shaw, well known Sioux Falls local agent and former president of the South Dakota Association of Insurance Agents, who has been with the army air forces for more than two years, has been assigned to duty at Harvard University, following a short leave upon his return from England.

Maj. Ted Hussey, Topeka local agent, is reported to be in Saipan with the army air force.

Put Finger on Fueling System as Crash Cause

WASHINGTON—In a report on investigation of the national war effort, the House committee on military affairs severely criticizes use of the water displacement or flotation system of gasoline fueling in the army air forces, as the probable cause of military plane accidents.

The committee says "a spot check of official records of accidents brought to light a very high percentage due to power-plant failures," without examination having been made of the fueling system from which the crashed plane last replenished its tanks to determine whether its defects might have caused accident.

The committee recommended that in connection with future purchases of airplane fueling systems and equipment, Bureau of Standards and other tests be considered in order to insure installation of the "most nearly perfect" systems obtainable, that equal opportunity be given all reputable manufacturers to submit their products and that in drafting specifications for plane equipment use of phraseology or other devices that

might prevent free competition in bidding be prohibited.

Referring to an army transport glider crash at St. Louis, Aug. 1, 1943, the committee says that judging from observations by its investigator at plants of Robertson Aircraft Corporation, St. Louis, which produced the glider, and of Laister-Kauffmann Company, inspection services were "altogether inadequate for safety and in some cases completely non-existent." It was found that metal of a certain part broken where wing joined fuselage was only 1/16 inch thick, though specifications required 3/8 inch.

Mortgage Bankers Are in Session at Chicago

The Mortgage Bankers Association of America is holding its annual convention Wednesday, Thursday and Friday of this week at the Edgewater Beach Hotel, Chicago. Several insurance men were on hand for the meeting.

M. A. Hauge has taken over the Standard agency of Des Moines, operated for 15 years by the late John W. Wilmers. Harry A. Dieckman has opened a new agency at Waterloo, Ia.

75th ANNIVERSARY YEAR

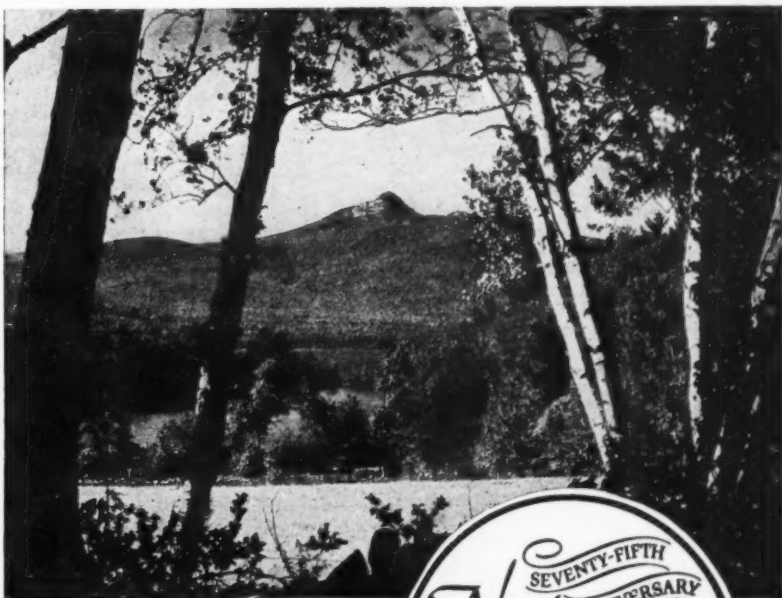


Photo by Charles Phelps Cushing

MT. CHOCORUA, in New Hampshire's White Mountains, gained considerable national prominence recently when the novel, "Look To The Mountain" by Le Grand Cannon, Jr., a Book-of-the-Month selection, used this territory as its locale. Its bare granite peak rises in vivid contrast above its thickly wooded sides—like a precious stone in a well-designed setting — and is a favorite gathering place for nature lovers during the fall foliage season.

The New Hampshire Fire Insurance Company can bear inspection in every season of the year—which fact has helped to build its reputation of being Sound, Solid and Successful.



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Bankers Confident of Lower Rates on Blanket Bonds

A.B.A. Releases Insurance Report: Will Issue Form Showing Coverage Needs

NEW YORK—Belief that "continuance of the wide margin between losses and premiums justifies further reduction" in bankers' blanket bonds is expressed in the report of the insurance and protective committee of the American Bankers Association, which has just been released. Proposals for reductions have already been advanced to the Towner Rating Bureau and while the bureau has not completed its tabulation of the companies' 1943 experience statistics, indications are that the figures will be at least as favorable as the good experience of the seven preceding years, according to the report. When the 1943 returns are compiled the committee will again confer with the bureau with a view to obtaining another downward adjustment in rates.

The report reviews the steady reduction in rates that has followed the favorable experience in recent years, pointing out that although these downward adjustments in rates represent substantial savings, the surety companies' loss ratios reported under bankers' blanket bonds continue at satisfactorily low levels. One reason which the report ascribes for this condition is that many banks, rather than take refunds, have improved the quality or raised the amounts of their blanket protection, or both. Also it has been found that some of the smaller banks converted from a separate fidelity and burglary and robbery contracts to blanket bonds.

Volume of Losses Stays Constant

This strengthening of the insurance programs in banks maintained premium volume and also increased the exposure of the surety companies to liability, the report observes. However, despite their greater exposure the total amounts of losses paid annually by surety companies under blanket bonds have remained almost constant and close to the low levels reported during the last eight years.

"This gratifying condition," the report states, "is a long step toward realization of the committee's long range program of bringing underinsured banks up to par so that all banks would be fortified with better coverage at lower rates."

Form to Show Insurance Needs

Other features are the announcement of a schedule, soon to be distributed to member banks, showing all coverages available so that banks may get a clear idea of how well or how poorly they are protected; advice on coverage against damage by celebrators and possible carelessness among bank employees on "V-E day"; figures on the continued low level of crime losses; and the automatic war bond coverage in blanket bonds which was described in the Sept. 28 issue of THE NATIONAL UNDERWRITER.

The schedule or report form soon to be distributed will be for the special benefit of the many banks which lack the advantages of experienced insurance buyers on their staff and rely on outside counsel for advice. Under each type of bond or policy there will be a brief outline of the coverages provided.

Tiffany Named Illinois Actuary

Carl A. Tiffany of Des Moines has been appointed actuary of the Illinois department.

Mr. Tiffany graduated from the University of Iowa and completed a year of graduate work in actuarial science. He was first employed by Taylor & Taylor, consulting actuaries of Cedar Rapids and later by Ace Mutual of Iowa. Since 1941 he has been employed in the Iowa department, first as assistant actuary and for the last two years as chief actuary.

In Illinois, he takes the place of James Reeder, who resigned to become actuary of Missouri Ins. Co.

To Pay Circus Claims in 2 Years

HARTFORD—Most of the claims resulting from the circus fire here July 6, will be settled and paid within two years, Attorney D. G. Judge of New York, counsel for Ringling Brothers-Barnum Bailey Circus, stated here. Mr. Judge came to Hartford expressly to contradict remarks attributed to Roland Butler, public relations man for the circus, that the show would require 15 years to pay off its obligations here.

Mr. Butler's remarks, contained in an AP dispatch from Tampa, through which the circus passed recently on its way to winter quarters at Sarasota, caused considerable consternation here.

Mr. Judge said he had been advised by circus officials that the opinion voiced by Mr. Butler was issued without their knowledge and was "neither in accord with the thought of the management nor with the facts."

Determined to Give Satisfaction

He said that Mr. Butler merely meant to convey the thought that the circus was determined to do everything it could to assist the victims of the fire, regardless of the time it took to do it.

Mr. Judge expressed the opinion that most of the claims will have been paid within approximately two years, and that very substantial payments on account of such claims will be made within the next few months.

Attorney Judge stated that \$1 million is already available to make such payments on account, and that the vitality and earning capacity of the circus had been shown beyond question by the attendance it was able to attract when it resumed its tour after the fire, even though it was compelled to play in open stadiums and contend with inclement weather.

The schedule will serve not only to acquaint the bank officers but also the bank directors with the various types of coverage available, how thoroughly the institution is covered and also making clear those risks which are not insured, thus showing the officers and directors where they stand in advance of a loss rather than delay discovery of this information until after the occurrence of an uninsured loss.

LOOT LOWER

Seven burglaries and 23 hold-ups were reported during the fiscal year ended Aug. 31 as against six burglaries and 20 hold-ups during the previous fiscal year. While this increase might be considered indicating an upward trend the report points out that in view of the smaller amount stolen during the last year, \$61,095, as compared to \$66,162 in the previous fiscal year the bankers can be credited with more than

2nd Injury Law of N. Y. Is Causing Some Concern

NEW YORK—Attention is currently being given on the part of casualty company executives to the new second injury fund law of New York which became effective last May. The enactment attracted little public attention at the time but it is believed to be the most far reaching legislation of its kind in the country and the insurers are now commencing to investigate what measures they should take to participate in its administration and whether any suggestions for amendments should be offered.

The bill was originally designed to aid disabled war veterans in getting employment by removing from the shoulders of the individual employer the extra cost of the compounding of war service disabilities and industrial injuries. However, the bill was so amended as to greatly extend its scope and there is some concern expressed that the second injury fund will become a very active instrumentality and demands will be made upon it in a substantial number of cases. One of the provisions is that in the event of a fatal accident, a claim may be made against the fund if the death probably would not have occurred had the worker not been previously disabled. The insurers are fully prepared to meet the requirements of disabled service men, but they see danger in radical extension of the second injury idea.

It has been decided that the insurers first of all should see to it that the fund is adequately defended in connection with claims. The state is making no appropriation for the fund but it is financed from contributions of insurers in no dependency death cases. It is believed that the insurers therefore have a major stake in the fund and should see to it that the claims are properly supervised.

U.S.F. & G. Holds Agents' Meetings

A series of educational, "front porch" meetings for agents are being held by the U.S.F. & G. throughout the country, in the agents' own localities. Gatherings have been held among other places at Joplin, Wichita and Kansas City. J. Dillard Hall, home office assistant agency director, is conducting them, assisted by members of the staff of the various branch offices. The meetings include discussions on money and securities, burglary and outside theft, comprehensive and public liability coverages and current and post-war problems that will affect the agent.

having held their own against the year's crop of burglars and bandits.

Losses resulting from forgeries amounted to \$55,066 for 95 cases, as against 90 cases and losses of \$51,318 during the previous fiscal year. More than half of the past year's losses were due to the operations of two veteran forgers, William Hagen Harkins, and W. F. Moore, also known as "Mr. X." Harkins was convicted Oct. 3 but Moore is still at large. There were three mortgage swindles with losses of \$3,150 as against five cases involving \$1,684 in the previous fiscal year. Six sneak thefts netted cash, war savings bonds and stamps, and negotiable securities totaling \$108,545. During the previous fiscal year only two sneak thefts and losses of \$1,182 were reported.

Helped Catch Criminals

On behalf of member banks, the Burns Detective Agency investigated 109 forgeries and five hold-up cases. Of these, 63 were closed, the agency accounting for 55 of them by assisting in the capture of 37 of the 42 criminals

(CONTINUED ON PAGE 36)

T. I. Parkinson for Complete Anti Trust Exemption

Equitable Society Head Endorses Fire and Casualty Stand

NEW YORK—President Thomas I. Parkinson of Equitable Society believes emphatically that the life insurance business should not oppose a complete exemption from the anti-trust laws for all branches of the business and that all types of insurers should promptly get behind an amended version of the pending Walter bill which would not only give complete exemption from the federal anti-trust laws but from all existing federal laws applicable to interstate commerce and at the same time affirm the validity of state laws regulating and taxing insurance.

Mr. Parkinson, whose views THE NATIONAL UNDERWRITER sought because of his standing as an authority on constitutional law and as an industry leader who has shown a keen interest in this vital question, believes that the life insurance business has a highly important stake in getting the right kind of action from Congress as speedily as possible. He believes that the only hope of getting prompt action is for the life insurance and property insurance people to get together on a program that all branches can support unreservedly and that will have the blessing of the commissioners.

Congressional Declaration

All that is necessary, Mr. Parkinson says, is a Congressional declaration that regardless of whether insurance is interstate commerce or not, the laws of Congress applicable to interstate commerce shall not apply to insurance and that the states' laws regulating and taxing insurance remain valid. He believes that the commissioners are ready to get behind such a bill if the life and property insurance people will take the emphasis off their respective interests and agree to back without qualification a congressional declaration of this type.

From a life insurance standpoint the chief need for speed in getting such a declaration from Congress is to guide executives in the payment of premium taxes which come due early next year, he said. Without such action by Congress there is a question whether companies can go on paying premium taxes—or even refrain from seeking recovery of taxes already paid—without the risk of being called upon to account to policyholders and stockholders for alleged waste of funds, he pointed out, adding that if the life people want this important problem of theirs solved they should be willing to support the position of the fire insurance companies, to whose operations a complete exemption from the federal anti-trust laws is essential.

Delegation of Power

Conceding that there might be a constitutional objection to the type of Congressional declaration he described on the ground that it constituted a delegation of power to the states which the constitution gives exclusively to Congress, that is, the power to regulate interstate commerce, Mr. Parkinson said that it would take some years to get such a decision and meanwhile the

declaration would serve the practical purpose of permitting the state insurance officials to continue enforcing their regulatory laws and collecting their taxes and allowing insurance executives to comply with state regulations and pay state taxes without the danger of being called to account by policyholders or stockholders for allegedly dispensing money needlessly.

Such legislation now by Congress would necessarily be temporary and would be subject to change if and when Congress knows more about the insurance business and wants to do something more specific, said Mr. Parkinson. For the present no affirmative exercise of Congressional power should be sought, he believes. For this reason there should be no reference in the declaration to fair labor standards. For the same reason Mr. Parkinson now believes that the suggestion he made in his widely publicized talk at the Chicago Life Underwriters Association's annual meeting last June to the effect that Congress should make it a violation of federal law to disobey a state insurance law should not be included. At this time there should be no attempt to have Congress exercise its newly found regulatory power over insurance.

Validity of State Laws

Mr. Parkinson said that the commissioners would doubtless hesitate to support a blanket exemption from federal interstate commerce laws unless they could be certain that the validity of their state regulatory laws was to be continued unimpaired. He said that the measure he advocates would take care of this question since it would affirm the validity of state laws.

Prudence Life Policyholders Elect Holzman Faction

At the annual policyholders' meeting of Prudence Life of Chicago Oct. 10 there were elected officers and directors representative of the Alfred Holzman faction. Gerald White, attorney, presided at the meeting. Under an emergency order issued by Circuit Judge Fisher, at the request of the attorney general's office representing the insurance department, Mr. White was named a special insurance department deputy to supervise the meeting and election of directors.

The faction headed by M. H. Wettaw, who has a three year contract with the company as general manager and who was elected president about 2½ years ago, has asked that a check be made of the signatures on proxies voted for the Holzman regime. Mr. Wettaw, who came in as president when Holzman was made chairman, formerly was with the Illinois insurance department.

The three-year directors chosen Oct. 10 were elected unconditionally, but the two-year and one-year directors were named conditionally, depending on what action Judge Fisher takes in the suit of Holzman against Wettaw and his associates, which asks for an injunction. The effect of granting the injunction would be that the Holzman faction gets the nod from the court as the legally elected officers and directors of the company. This suit has been pending since last year. What effect the current election would have on the suit would depend on whether the election holds up and really resolves the intra-company differences of the two groups.

The attorney general's office, acting for the insurance department, has a suit for rehabilitation or dissolution of the company pending in Judge Fisher's court.

Push Tower Mutual Assessments

Superintendent Crabbe has filed petitions in Newark, O., to collect assessments of one annual premium ordered by the Franklin county common pleas court against all policyholders in the liquidation of Tower Mutual.

Total Up Post-War Public Works Projects in Nation

WASHINGTON—Reporting to the House Colmer committee on post-war economic policy and planning, the federal works agency, in cooperation with the census bureau, submits data on post-war proposed public works showing that federal-aid highway and state highway projects total nearly \$4,707,000,000 estimated cost. The stage of plan preparation for this program divides as follows: projects in completed stage, \$219,151,000; in design stage, \$957,242,000; in preliminary stage, \$1,018,111,000; in "idea" stage, \$2,419,722,000; New York state, undistributed, \$92,592,000.

The report points to acceleration of public works planning recently and looks forward to further acceleration, corresponding to increases in available revenues, "in the near future."

Taking up post-war public works planning of states and local governments, exclusive of federal-aid and state highway projects, FWA says 600 governmental units reported completion of preparation of plans for 6,559 projects totaling in estimated cost, excluding land, \$924,905,000; 655 units have plans in the design stage for 7,920 projects to cost an estimated \$1,648,513,000, without land; 740 units have preliminary plans for 14,791 projects to cost, without land, \$3,395,704,000; 956 units reported plans in the idea stage for 27,513 projects to cost \$5,665,068,000, exclusive of land.

However, the report indicates that nearly \$11 billion of funds required for all state and local government projects, exclusive of highways, is not "on hand, arranged for or under negotiation."

The report calls attention to "significant" to the fact that about two-thirds of the estimated costs of all post-war public works in the completed stage of plan preparation is reported by state and local governments of five states: New York, \$327,656,000; California, \$86,637,000; Illinois, \$80,991,000; Michigan, \$73,452,000; Ohio, \$66,567,000.

Land costs necessary for public works construction are estimated in the report as 5 to 10% of total estimated costs, generally. The report says the vast majority of cities under 25,000 population have made little progress in planning post-war public works, and 689 governmental units lack authority for bringing plans in earlier stages up to the completed stage of preparation. Only four states have laws authorizing state funds to aid local subdivisions in financing planning for post war public works. These are New York, California, Michigan and New Jersey.

Hold Michigan Surety Outing

DETROIT — Despite threatening weather which cut the golf tournament to a minimum, the fall outing of the Surety Association of Michigan drew an attendance of 24 surety men from all over the state. Tom Griffin, National Surety, dean of Michigan's surety managers, won top honors at golf.

Marc F. Doyle, 53, retired, one of the best known surety men in southern California, died in Los Angeles from uremic poisoning. He was bond manager for Swett & Crawford before his retirement about 18 months ago. He was a native of St. Louis, where he entered the insurance business with a general agency. Then he was with Hartford Accident at Cleveland, Cincinnati and Chicago. Later he went to New York, where he was successively with London & Lancashire Indemnity and Royal Indemnity. He went to Los Angeles in 1926.

Norman B. Bertolette, president of the Hartford Gas Co., has been elected a director in the Travelers companies.

Insured Stallion Dies; Not Involuntary Conversion for Tax Purposes, IRB Rules

WASHINGTON—Death of a stallion which had been purchased, and with respect to which depreciation had been claimed for federal income tax purposes, and the purchase of a similar animal with the insurance proceeds do not constitute an involuntary conversion of property under section 112 (f), internal revenue code, the revenue bureau rules in I. T. 3696, unless it is shown that death resulted from a "casualty" and not from disease or old age.

Quoting the section, the bureau says the first question is whether death is "destruction" within the meaning of the law. The conclusion is reached that Congress intended the term to mean "the effect of a casualty." The meaning of "casualty" as used in section 23 (E) (3) of the code has been considered in numerous court opinions, the I. T. ruling says.

It cites a board of tax appeals (now U. S. tax court) decision, disallowing a claimed deduction on account of death of a horse "because the evidence failed to establish affirmatively that the horse died from accidental causes." Such would have been a casualty for which loss could have been taken, the board found.

The bureau says loss from accidental death of animals may constitute loss by casualty, but that generally losses due to animals' death from disease or old age do not constitute losses from casualty.

Renamed to Am. Standards Board

Reelected to the executive committee of the American Standards Association are H. L. Miner, manager safety and fire protection for E. I. DuPont de Nemours & Co.; W. S. Paine, engineering and inspection department Aetna Casualty, and C. E. Pettibone, vice-president American Mutual Liability. They represent respectively National Fire Protection Association; National Conservation Bureau and National Association of Mutual Casualty Companies.

O'Connor to Speak at Kansas City

James C. O'Connor, Chicago, editor "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER, will speak at a luncheon meeting of the Casualty & Surety Association of Kansas City Friday on developments and trends in the casualty business. The association usually meets the last Friday of the month, but changed the date for this meeting so Mr. O'Connor could appear on his way back from the Kansas Association of Insurance Agents meeting at Wichita. Cliff Johnston is president of the association and P. H. Hawes, vice-president Speed Warner, Inc., is in charge of this program.

Dairy Firm Forms Insurer

Interests identified with National Dairy Products Corporation are behind the organization of Ideal Mutual in New York. The principal office will be in New York City.

Aviation Section to Meet

NEW YORK—The aviation section of the insurance committee of the United States Chamber of Commerce will hold a meeting at 12:30 Oct. 25 at the Bankers Club, New York City.

Hornberger to North American

H. J. Hornberger has resigned as actuary of Great Northern Life of Chicago to become associate actuary of North American Life of the same city. He will assume his new position Dec. 1.

S. M. Kabatek, associate manager of the Employers group in Los Angeles, celebrated his 30th anniversary in the insurance business last week.

Watch Expansion of Auto Insurers in Other Lines

Considerable interest is being shown in the expansion into other fields of insurers that have specialized heretofore exclusively in the automobile line. A number of these companies have developed something of a specialty selling organization, somewhat comparable to the old motor club salesmen and the question is whether this type of man can successfully be developed into a multiple line representative. Some of the automobile specialty companies that have ventured into other lines have been disappointed in the results. They have found that many of their automobile insurance salesmen are single track men, who know the automobile insurance story forwards and backwards but whose interest in insurance ends there. That experience applies particularly to companies that have developed a specialty selling organization rather than competing through the established local agency plant.

However, some observers believe that these specialty companies can expand their writings to include personal forms of insurance such as personal liability, burglary and farm liability that the salesman can mention after he has completed his sale of automobile insurance. Some of the companies are providing personal liability and burglary by way of endorsement to the automobile policy. They say they have had little success in getting salesmen aggressively to make independent sales of such lines as personal liability and burglary but a certain amount of business has been picked up when the salesmen have suggested that an endorsement be added to the automobile policy. The opportunity seems to lie in providing something that can be closely associated with the automobile insurance sale. Some of these companies have ventured into the accident and health field. These companies have experienced varying degrees of success. The fact that accident and health coverage cannot be tagged on to an automobile policy is reported to be something of a deterrent.

Priestley Discusses Decisions

John J. Priestley, claim department manager of Bituminous Casualty, discussed current decisions at a luncheon meeting of the insurance section of the Chicago Bar Association. David J. Kadyk, of Lord, Bissell & Kadyk, vice-chairman of the section, presided.

Myers with Cal. Agencies

W. E. Myers, well known Los Angeles adjusters, has joined the California Agencies in Los Angeles as a claims adjuster. He was formerly an adjuster for West American and the St. Paul-Mercury group.

World Enters California

World of Omaha has been licensed in California with Charles Joseph of Los Angeles as general agent.

Addison S. Wickham, since 1910 Philadelphia manager of Hartford Steam Boiler, died there following an operation. He retired two weeks ago, after 45 years with the company.

Capt. Roscoe Goodcell, who spent 10 years in China as an educator, both for the government and in private institutions, addressed the Accident & Health Managers Association of Los Angeles on "The China Incident."

Mrs. Roy M. Strom, 44, wife of the president of Strom, Carlson & Lauer, Chicago agency and general agent of Continental Casualty in Chicago, died at St. Ann's hospital there.

Too bad we don't listen in on ourselves as critically as we tune in on the offerings of radio stations.

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Per Diem Hospital Charges Attacked

Le Blanc Asserts Blue Cross Plan Is Discriminatory

DETROIT—Under the present high cost of hospital care, the Blue Cross plan as operated by the Michigan Hospital Service forces hospitals with which it has contracts to supply accommodations and services to members on a basis that results in a loss of from 20% to 52% on these patients, G. A. Le Blanc, board chairman American Hospital-Medical Benefit and hospital insurance committee chairman of the Detroit Accident & Health Association, told members of that organization at the October meeting.

The same situation prevails nationally, he declared. The plan originally agreed to pay hospitals on a per diem basis for ward and semi-private accommodations. The Michigan organization's contracts in 1939 called for \$4.50 and \$6 per day; in 1941 the name of the Michigan group was changed but the per diem arrangement continued on the same basis despite increases in general hospital charges to the public. Later that year the per diem payments were increased to \$5 and \$6.50 per day, still well below prevailing ward and semi-private rates to the general public.

Provide Supplementary Payments

Due to increased costs to the hospitals, the plan saw fit to amend the hospital contracts to provide for a supplementary payment varying according to the experience of each individual hospital. Although costs continued to go up, particularly in the period from January to June, 1943, these supplemental payments remained about the same.

Mr. Le Blanc's committee began investigation last December to determine just how much the plan paid the hospitals. The invariable findings were that the per diem \$5 and \$6.50 were first paid for ward and semi-private accommodations respectively, then the supplementary payments made much later were designed to pay only a part of the cost of the services rendered by the hospitals. It was further found that the hospitals were being forced under their contracts to furnish these services regardless of the cost; that the hospital superintendents had complained to their boards that they were taking a loss on Blue Cross patients despite the supplementary payments and that the amounts paid by the plan did not cover cost of these services as charged to the general public.

Discrimination Is Charged

The committee discussed this discrimination against cash paying patients with hospital boards to the point where the boards began to investigate to see whether these charges of discrimination were correct, Mr. Le Blanc said. The committee suggested that the solution was either to cancel the contracts which force the hospitals not only to discriminate against cash paying customers but also to take a loss, or to amend them so that the patients will pay the difference between the per diem plus supplementary payments made by the plan and the established rates of the hospitals.

Cites Actual Example

The committee found, for example, that Detroit Receiving Hospital, operated by the city, from Jan. 1 to June 30, 1944, has admitted a loss of \$6,118.36 because of its contractual arrangement with Michigan Hospital Service. The committee found that the actual cost of treatment of patients at Receiving Hospital is \$8.60 a day, that the plan has been paying the per diem of \$5 and \$6.50 plus the supplementary six months later, and finally 50% of the difference of these combined payments as against what

Will Stimulate Credit Operations in Insurance

J. Dillard Hall, assistant agency director of U. S. F. & G., who is chairman of the insurance group of the National Association of Credit Men, is seeking to stimulate the insurance organization. He proposed to get more insurance men interested where there are credit associations.

There are 117 cities in the United States that have credit men's associations and there are 694 insurance men who are members. Mr. Hall feels that there should be a greater increase in the number of insurance men in these organizations.

The insurance men, he declares, should realize how insurance can help the credit men and a program should be arranged to that end. He called a meeting of his committee in Chicago last Thursday following the convention of the National Association of Insurance Agents at Milwaukee. Aside from Mr. Hall the other members are: A. L. Carr, vice-president National Surety; A. B. Dunbar, Omaha local agent; J. M. Eaton, secretary American Mutual Alliance, Chicago; A. A. Schuetze, Employers Mutual Liability, Milwaukee. Mrs. J. H. Hayes, credit manager in the western department of Hartford Fire, Chicago, is secretary of the committee.

the hospital cost might show several months later. This situation has been called to the attention of Mayor Jeffries. It was pointed out that the simple procedure would be, if the plan is sincere in paying the hospital bill, to render the full bill to the service for payment immediately after the service is rendered, so the hospital would receive its full established rate as paid by any other individual, organization or insurance company.

Amendment Suggested

In December, 1943, the plan suggested an amendment to its system which was submitted to all participating hospitals in the state. This amendment called for payment of supplementary payments and 50% of the difference between what the plan and the patient together pay as compared with the actual cost to the hospital. Mr. Le Blanc pointed out that these payments would be made conditionally only after the hospital furnishes them with a certified audit of cost and only after full consideration and provision was made for all of the service plan's operation expenses plus 5% for contingencies.

He declared that instead of eliminating discrimination, this amendment will provide new means of continuing and increasing the present discrimination which affects the general public and may involve the hospitals in further losses. The hospitals are beginning to realize that one of the most important things for them to do now is to correct the selling of their services to privileged groups below their established rates, Mr. Le Blanc asserted.

Recommend Regular Rates

The view that the Blue Cross plan as operated today is still discriminatory and unsound is supported by the opinion of hospital administrators as well as by a special committee of the Illinois Hospital Association, which recommended regular rates as a basis rather than the present per diem payments which most plans now make, he said.

Investigations are now being made by both hospital executives and city officials in Highland Park, Wyandotte, Sault Ste. Marie and Alpena, while hospitals in Detroit, Grand Rapids, Lansing, Saginaw and other Michigan cities are watching these developments with interest, he declared. Already hospitals like the Midland General, Art Center,

Surplus Aircraft Are Going Largely to Private Flyers

Approximately 5,500 light planes have been disposed of by the government to private buyers since the Defense Plant Corporation started releasing aircraft formerly used in the war training program. Most of the DPC planes now have reached the public, and quite a number of light planes the army has available as surplus have moved into civilian channels. The latter are chiefly liaison planes. There are some army primary trainers still to come, most of them in the higher horse power bracket, including trainers which will go to individuals and to business firms as industrial aid planes, and some two engine transition trainers and army personnel transport planes which will go to business firms and feeder lines.

Bulk Are Usable

It is estimated that planes being sold by the government on bid to civilians have been moving out at the rate of 300 to 400 a week. It requires 60 to 90 days for them to be rehabilitated, licensed and cleared by the Civil Aeronautics Authority. About 90 to 95% of the planes are in use or usable. The remainder are in such shape that they have gone or will go into salvage.

When the sales or surplus aircraft first started about six months ago planes often brought the ceiling price, but later ones have sold for a good deal less than ceiling. Probably more than half the planes have gone to individuals, reflecting current interest in private flying. The next largest volume has gone to aviation schools.

Some training gliders have been sold to schools. In the case of the Piper TG-8 the wings can be used on Piper Cub planes, and some of them have been purchased for that purpose.

The aviation insurance markets report a brisk demand for coverages of planes. They are finding insurance on stored aircraft for DPC.

U. S. ESTIMATE OF SURPLUS

WASHINGTON—The Surplus War Property Administration reports that during August RFC sold aircraft and related equipment for \$1,534,000, 46% of cost. Inventories of those items Aug. 31 amounted to \$178,000,000, while RFC had turned over to it during the month by other agencies aircraft and equipment totaling \$76,555,000. Disposals during the month amounted to 1.8% of the available property of this class and represented primarily training and communication planes sold by RFC and CAA to individuals, flight operators and dealers. SWPA said "there is a fairly active demand for training and communication planes, but the amount to become available will be modest in relation to total available aircraft, since these types have represented only 5 per cent of production in recent years."

CAA now has seven regional aircraft sales offices, it is announced; RFC has 32. A total of 30 storage depots at airfields has been programmed by Defense Plant Corporation, RFC subsidiary, half of which are already operating. Three combination sales-storage depots have also been set up at airfields, with two or more additional ones planned.

Dorothy Rogers and Royal Oak General, while they are continuing to serve plan patients, are demanding that they pay the difference between what the service plan pays and the established rates at the time of the patients' release from the hospital.

In summarizing the committee's activities, Mr. LeBlanc declared that the commercial companies should use publicity to offset the claims of the Blue Cross plans.

Bunten New Head of Iowa Federation

Legislation Likely to Be Proposed at Next Session Discussed at Des Moines

DES MOINES—James H. Bunten, state agent of Fire Association, was elected president of the Insurance Federation of Iowa at the annual meeting, succeeding A. R. Nelson, Hawkeye Casualty, who has held the post for two years.

Howard Burleson, Cedar Rapids, local agent, and John W. Gunn, president of Employers Mutual Casualty, are new vice-presidents. D. Wesley Barns, U. S. F. & G.; H. B. Carson, president Mill Owners Mutual; Arthur Holt, state agent of Aetna Fire; A. B. Loran, secretary of State Automobile, and George W. Young, secretary of Inter-State Business Men's Accident, were reelected as vice-presidents. Henry Haynes of "Underwriters Review" was reelected secretary-treasurer.

New directors include Mr. Nelson, Harold Evans, Allied Mutual; C. D. Friday, president Iowa Association of Insurance Agents; E. E. Soenke, secretary of Security Fire; Ray Mills, secretary of Iowa Mutual Liability, and J. Doliver Kent of Western Mutual Fire.

Mr. Bunten appointed for the first time an executive committee with Mr. Gunn as chairman and including Harry Gross, Iowa Mutual Tornado; Frank Noble, American Surety; Dr. E. B. Mountain, American Mutual Life; B. C. Hopkins, Des Moines local agent; Karl P. Blaise, Inter-Ocean Reinsurance, and Robert Colflesh of Des Moines.

The new officers will serve for two years, as the federation elects only on the even numbered years. Discussions centered on possible legislation which might be submitted when one legislature convenes next January. Bills discussed included a financial responsibility law, the New York standard fire policy and a proposed rate law.

Casualty Executives Hold Minneapolis Conference

General Manager J. Dewey Dorsett of the Association of Casualty & Surety Executives, and Roy L. Davis of Chicago, manager of the western office, visited St. Paul and Minneapolis following the meeting of the National Association of Insurance Agents in Milwaukee and gave a dinner to the local managers in Minneapolis of companies belonging to the organization. Wheaton Williams of the Fred L. Gray Co. presided. One of the hosts was Vice-president A. P. Price of St. Paul-Mercury Indemnity.

Cat Bite Causes Judgment

DES MOINES—An unusual court decision resulted in a grocery store proprietor ordered to pay \$150 damages to Mrs. Sarah Spiker, a customer, who was bitten by a cat while in the store. The grocer, Hiram Abraham, was defended in court by an insurance company under a public liability policy. Abraham denied that he owned or harbored the cat and claimed it was a stray animal which had come into the store.

Vice-president J. L. Madden of Metropolitan Life plans to spend the next month at Durham, N. C., where he will take the complete rest which his doctor has prescribed. His manifold activities, which include chairmanship of the U. S. Chamber of Commerce insurance committee as well as being a Metropolitan executive, have placed a considerable strain on him. He was recently in the hospital for 10 days but fortunately the doctors found nothing wrong except overwork.

ACCIDENT AND HEALTH

Hammer Joins Associated Aviation Underwriters

Wesley T. Hammer, New York accident and health manager of Commercial Casualty and Metropolitan Casualty, has joined Associated Aviation Underwriters in charge of its aviation accident department. His activity will be nationwide, assisting agencies of member companies of Associated Aviation in development of aviation accident insurance.

A farewell luncheon was given to Mr. Hammer by his associates in the New York office of Commercial Cas-



WESLEY T. HAMMER

ualty. Toastmaster was E. J. Donegan, secretary, who is New York branch manager, and Mr. Hammer was presented with a traveling bag. Many tributes were paid to him for his long service with the organization.

Mr. Hammer has been with the group's casualty companies nearly 20 years having started in the home office of Metropolitan Casualty in 1925 in charge of accident and health production. Prior to that he had been with the Aetna Life for three years as accident and health manager in its 42nd street branch office, and with the Equitable Society where his accident and health career began. He graduated from Princeton University in 1918.

In 1927 Mr. Hammer was put in charge of accident and health operations at the New York branch of Metropolitan Casualty and when that company was acquired by the Firemen's group, he was assigned to similar duties with the Commercial Casualty. Since then he has been handling underwriting, production and claims for greater New York.

Mr. Hammer's chief outside interest has been the Accident & Health Club of New York. He was its vice-president in charge of education in 1938 and 1939 and served the following year as president. In the National Association of Accident & Health Underwriters he served as chairman of the law and legislation committee and for three years as a member of its executive board.

Frank T. Curran, who has had a wide experience in the accident and health field, will take over Mr. Hammer's responsibilities in the New York office, temporarily at least. In addition he will continue his present production duties.

Hear McHaney in St. Louis

The St. Louis Association of Accident & Health Underwriters heard Powell B. McHaney, vice-president and general counsel of General American Life, discuss "Recent Court Decisions and Their Effect upon the Insurance Business." Frank Philpott, Columbian National Life, immediate past president, presided in the absence of President Leon Hughes.

Disability Pensions May Cause Trouble on Group A. & H.

In anticipating possible problems which will be faced by group insurance under the reemployment provisions of the selective service law when demobilization gets under way in earnest, it is felt that some adjustment will have to be made under group accident and health contracts to take into account disability pensions which will ordinarily range from \$11.50 to \$115 a month.

The reemployed veteran is entitled to participate in insurance and other benefits allowed to employees on leave of absence so that the usual 60- to 90-day waiting period will be waived. As there was a high rate of morbidity among veterans during the readjustment period following demobilization after the last war, this immediate reinstatement may stimulate claims.

It is expected that employers will be lenient in reemploying disabled veterans. If group accident and health benefits are too high, the benefits plus the disability pension may encourage malingering.

Gassed veterans caused some claim difficulties following the last war and this time malaria victims may be a source of trouble.

Right now, with employers anxious to hire anyone who can apply for a job under their own power, group men are mostly concerned with the high average age. Added to this, there is a tendency for women employees who are not accustomed to working to take off an extra few days or a week when disabled. Experience has been spotty, depending somewhat on the type of work.

Ohio A. & H. Parley Slated for Nov. 9-10

COLUMBUS, O.—The Ohio Association of Accident & Health Underwriters will hold its annual meeting here Nov. 9-10 with the Columbus association as host. An outing and golf tournament will be held at the Scioto Country Club the first afternoon, followed by a dinner. A business session is scheduled for Friday morning, winding up with a luncheon. A sales congress will be staged in the afternoon and new officers will be installed at a banquet that evening. E. W. Welton, Columbus manager Business Men's Assurance, state president, and Charles F. Pugh, Loyal Protective, Columbus president, will be in charge. Sessions will be held at the Fort Hayes Hotel.

Two Medical Groups Tangle on Endorsing U. S. Cover

Approval of a federal plan of compulsory health insurance by the American Public Health Association, composed of doctors, dentists, laboratory technicians, nurses and others in public health service has brought a sharp rejoinder from the American Medical Association, which is especially critical of the fact that the approving report was adopted without any previous conference with the trustees of the A.M.A. and American Dental Association.

That report declared that a single responsible agency is a fundamental requisite to effective administration at all levels and recommended that "because of its record of experience and accomplishments in this field," the U. S. Public Health Service should administer the program involving the construction of additional facilities, at the federal level. Dr. J. W. Mountin, assistant surgeon general of U.S.P.H.S., was chairman of

the committee which submitted the report.

Referring to the rejection of proposals for conference, the Journal of the A.M.A. says that "this indicates the attitude that may be expected of those committed to federal control of all matters in the health field if they should have control of the Washington bureaucracy that would dominate American medicine should their ideas become effective." It characterizes the move as "a shrewdly manipulated performance by full-time public officials, economists, bureaucrats."

Dr. Thomas Parran, surgeon general of U.S.P.H.S., has long been known as an advocate of federalization and last week at a hearing before a senate subcommittee minimized the possibilities and effectiveness of voluntary insurance schemes.

Redington Returns to Field for North Amer. Accident

Charles H. Redington, who was associated with North American Accident for about 30 years, much of it in the Kansas-Missouri territory as general agent, before he retired the first of the year, has returned to the company as agency supervisor in the Missouri and Kansas territory. He will have his headquarters in the North American Accident branch office in Kansas City, Mo. Mr. Redington went to California for a much needed rest, but after he had had it was anxious to get back in the business. Mrs. Redington formerly worked with Mr. Redington in the Kansas City office for many years.

Parkinson Gives Views at Claim Men's Meeting

About 100 attended the dinner of the Chicago Claim Men's Association at which N. P. Parkinson, Illinois insurance director, spoke. Mr. Parkinson said that insurance consists of an agent selling a policy and a claim department settling claims. The agent tells of the coverages and may exaggerate to some extent what the policy will do, while the claim department is aware of all the exceptions in the policy. He suggested that the claim departments try to maintain toward insured the attitude taken by the agency department. He cited a few cases brought before his department where he thought the companies had been rather strict in construing policy provisions, but where, after conference, the companies were very cooperative and ready to work with the department.

J. W. Weir, formerly of Metropolitan and now retired, installed the new officers, yielding the gavel to E. O. Adler, Mutual Life of New York, the new president. Mr. Adler introduced Isaac M. Hamilton, chairman of Federal Life; Ralph Kastner, associate general counsel of the American Life Convention, and Harold R. Gordon, executive secretary of Health & Accident Underwriters Conference.

A. H. A. Adopts National Contract for Blue Cross

At the annual meeting of the American Hospital Association in Cleveland a basis for full national reciprocity among all Blue Cross plans was adopted, which would seem to meet the recommendations made at that meeting by Commissioner Neel of Pennsylvania, reported last week. The new national contract provides 30 days of service in each contract year in a room of two to four beds, with 50% benefit for 90 days additional. Services are to include meals and special diets, general nursing, operating room, anaesthesia up to \$10, if regularly provided and billed by the hospital; radiology up to \$15, laboratory, electrocardiograms, physical and oxygen therapy, drugs, dressings and casts, and emergency room care for accidents.

Dependents are to receive the same

benefits as employed subscribers and the same benefits are available in member hospitals of all approved plans. For hospitals that are not members of any plan, their regular charges will be paid up to \$6 per day. Maternity service is covered up to 10 days for holders of family contracts in force for nine months, but the waiting period is eliminated if 75% of all employees enroll, with a minimum of 50. Preexisting conditions also are covered if 75% of eligible employees enroll, with at least 50.

The Hospital Service Plan Commission reports that 77 of the 80 approved Blue Cross plans have agreed to transfer and make branch office enrollment arrangements that substantially achieve the "once a member, always a member" slogan.

There was much discussion of compulsory vs. voluntary hospital and health insurance but, as has been the case at previous meetings, the subject was sidestepped so far as any definite action was concerned. A resolution was adopted by the house of delegates, reaffirming in very general terms approval of the voluntary prepayment principle as a means of financing medical and hospital services and approving collaboration of Blue Cross plans with representatives of the medical profession "to the end that the expenses of hospital illness be financed on a prepayment basis." No explanation was given for limiting the resolution to hospital illness.

List Okla. Congress Speakers

OKLAHOMA CITY—A strong program is announced by President Malcolm White, Pacific Mutual Life, for the sales congress to be staged by the Oklahoma Accident & Health Association Nov. 21. Among the speakers will be W. T. Grant, president of Business Men's Assurance; Fred M. Walters, manager accident and health department of General Accident, Philadelphia; Arthur H. Brayton, Des Moines Chamber of Commerce; E. H. Mueller, Milwaukee, chairman National association planning committee, and Commissioner Read of Oklahoma.

Labor Insists on Protection

Labor needs and wants some adequate system of medical and hospitalization benefits and is out to get it, either from private enterprise or by government legislation, Dave Jenkins, director of the California Labor School, told the Accident & Health Insurance Managers Club of San Francisco. He said the so-called labor forces have no fight with private enterprise as such but will insist on some way of obtaining this type of accident and sickness protection.

Iowa Medical Plan Proposed

DES MOINES—A non-profit insurance program, providing for medical service to subscribers similar to the Blue Cross hospital plan, is under consideration by the Iowa State Medical Society and will probably be submitted for legislative approval at the next legislature. The plan has been submitted to county medical groups for approval and later will be acted upon by the house of delegates of the state society.

A contract would be offered providing for surgery with certain preexisting conditions deferred for 12 months; obstetric care after nine months; medical care for hospitalized cases of not more than three days, and not to exceed 21 days in a contract year; emergency surgery, not to exceed \$25, and minor surgery in the office not to exceed \$25.

Hedges Discusses Wagner Bill

At the October luncheon meeting of the Kansas City Association of Accident & Health Underwriters, with 60 in attendance, Herbert A. Hedges, Kansas City general agent of Equitable Life of Iowa and immediate past president of the National Association of Life Underwriters, discussed the Murray-Wagner-Dingell bill and its effects on the insurance business if passed.

Mr. Hedges urged the local associa-

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tion to appoint a committee to study the bill and report on it to the National association. He said it is too powerful a factor to be overlooked by life, accident and health men and is big enough to become a political campaign issue, and it is up to these various associations to inform themselves of what a proposition such as this bill would do to the public.

Open Memphis Branch

American Hospital & Life of San Antonio has opened a branch office in Memphis with Harry Putnam as manager.

Sholl Is Indianapolis Speaker

C. A. Sholl, Globe Casualty, Columbus, president National Association of Accident & Health Underwriters, addressed the Indianapolis association on "Our Business—Our Association, Today and Tomorrow."

Broader Coverage Studied

With the assistance of Bill Howland, statistician, special committees recently appointed by the Health & Accident Underwriters Conference are gathering considerable data on the possibilities of devising a successful plan for pro-

viding full medical coverage, standardizing hospital insurance contracts, providing substandard coverage and in expanding aviation coverage. Special policies for commercial air pilots are being considered.

Discuss Claims in Pittsburgh

A discussion of claims was held at the luncheon of the Pittsburgh Association of Accident & Health Underwriters Oct. 16.

Wisconsin National Life agents are staging a campaign in October in honor of Vice-President G. A. L'Estrange with a goal of \$1,500,000 in life volume and \$1,500 in accident and health new premiums as a target.

COMPENSATION

Utah Court Rules in Case of Airline Employee Fatality

The Utah supreme court decided in the case of United Airlines Transport Corporation and Hartford Accident vs. Utah industrial commission and others that the latter has no jurisdiction since Utah workmen's compensation laws

state that an employee hired outside of the state and his employer shall be exempt from the act while the employee is temporarily within the state doing work for the employer if the latter has furnished compensation coverage under the workmen's compensation laws of another state.

The case came before the supreme court on a writ of certiorari to review the decision of the Utah commission requiring Hartford Accident to pay the treasurer of Utah for the combined injury benefit fund \$1,002 because of the fatal injury of Neva A. Cantwell, a stewardess who was injured fatally in a crash of a transport plane near Salt Lake City. She signed an employment contract with United in Oakland and maintained permanent residence in Burlingame, Cal. No one was wholly or partially dependent for support on Miss Cantwell at the time of her death. Hartford Accident paid the burial expenses in accordance with an order of the California industrial accident commission.

C.I.O. Council Blasts Ohio Compensation Setup

CLEVELAND — Declaring that Ohio's workmen's compensation act is "notoriously and needlessly intricate and complex," the Ohio council of the C.I.O. has adopted a resolution advocating "complete recodification and simplification" of the measure.

The resolution asserted that workers have experienced "long delays in receiving compensation checks," that "Ohio safety codes are now outmoded," that "employers, through their company doctors, have been permitted to wrongfully develop practices jeopardizing the claims of workers," that the industrial commission "has failed to conduct an aggressive safety and hygiene campaign," and that the law imposes "inequitable restrictions in the granting of compensation for occupational diseases."

In addition, the council urged maintenance of the right of workers to choose their doctors and elimination of "the abusive practices of company doctors," protection for partly disabled workers and ex-servicemen, adoption of new safety codes and programs, and establishment of a "more reasonable schedule of medical fees."

John D. Goodrich, supervisor of the claims section of the Ohio Industrial Commission, has resigned to enter private law practice. He has been with the commission 26 years, the last six in his present post.

ASSOCIATIONS

Industrial Surgeon Speaks

MILWAUKEE—Dr. F. C. Heidner spoke on "The Follow-up on Industrial Injury" before the Casualty Adjusters Association of Wisconsin, followed by an open forum. E. H. Magnuson, Continental Casualty, is representative of the association on the advisory committee of the Milwaukee Safety Commission.

Promote Iowa Agents' Meeting

DES MOINES — The Des Moines Casualty & Surety Club has named George Voth, Travelers, and D. Wesley Barns, U. S. F. & G., as a committee to cooperate with local agents in promoting the coming meeting here of the Iowa Association of Insurance Agents.

Thornton Boston President

BOSTON—The Boston Association of Casualty Underwriters has elected these officers: President, C. P. Thornton, London & Lancashire Indemnity; vice-president, C. H. Tarr, Protective Indemnity; secretary, R. M. Hooker,

Yorkshire Indemnity; treasurer, P. R. Sexton, Massachusetts Bonding; executive committee, H. G. Anderson, American Automobile; E. L. Bouchie, Loyalty group; G. W. McGowan, Accident & Casualty; J. E. Rooney, Century Indemnity.

Hear Aviation. Rating Talks

LOS ANGELES—The California Insurance Auditors Association, southern California chapter, heard Stanley E. Lord speak on "Aviation Progress," discussing what the future will bring in the way of commercial flying, and Reese Tydings of California Casualty Indemnity Exchange on reclassification and rating problems.

Mr. Tydings, chairman of the classification and rating committee of the chapter, talked on vacation pay for Mexican nationals who have come to California to assist in handling the crops and other kinds of labor and said clarification of this question is needed. The chapter adopted a resolution asking the California Inspection Rating Bureau for a ruling on it.

PERSONALS

G. A. L'Estrange, vice-president and agency director of Wisconsin National Life, has been reelected president of the Oshkosh Chamber of Commerce.

About 40 friends attended a luncheon in Indianapolis for Carl M. Steinbach, Indiana special agent of Hartford Steam Boiler, who was leaving for a trip to recuperate from a recent illness. While Mr. Steinbach has been making definite gains toward recovery his doctor prescribed a rest period. Earl F. Miller, special agent at Springfield, O., will pinch-hit for him during his absence. E. M. Murray, Hartford Steam Boiler manager in Cincinnati; Bromley Demerit, superintendent of agencies from the home office, and a number of inspectors attended the luncheon. Several agents from Indianapolis and nearby towns spoke in appreciation of the fine cooperation they have always received from Mr. Steinbach.

F. A. Seiler, manager of the automobile department of American Surety and New York Casualty, visited the Detroit branch last week.

Max Wallace, formerly assistant superintendent of agents of Continental Casualty at its home office, now located in Seattle as an agent, has been sojourning among his old haunts in the Chicago area.

Harold H. Pelton, 66, of Tolland, Conn., former assistant secretary of Aetna Life, died after a long illness. He had been with Aetna for 39 years before his retirement about 10 years ago.

Drew Pearson Sidelights

Drew Pearson, columnist, said Wednesday that following transfer of John Reed, son of Justice Stanley Reed, from the Cahill law firm to another New York law office, Cahill asked for rehearing of the S.E.U.A. case "in the hope" that the justice "would feel free to participate in the case with his son no longer in the Cahill firm. . . . But Justice Reed again refused to participate even though his son had transferred his allegiance from the Cahill firm."

Pearson also says Senator Barkley "was blowing his nose" when the Walter state's rights bill was called on the Senate calendar on the last day of the Congressional session and passed by unanimous consent. When reconsideration was granted upon request of Barkley and Senator Hatch, says Pearson. "The two solons sat down wiping their brows."

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CHANGES IN CASUALTY FIELD

Trunk Heads Freeport Insurer

Lloyd A. Trunk was elected president of Western States Mutual Automobile of Freeport, Ill., at a meeting of the directors. Mr. Trunk organized Western States in 1932 and served as secretary-treasurer and general manager since that time. As president he takes the place of the late W. J. Trevillian.



L. A. Trunk

C. J. Friesen-ecker, who has been state agent for the company for the past 10 years, was elected a director.

Waters Joins Anchor Casualty

William W. Waters of the law firm of Lyman & Plumb has been appointed

claims attorney for Anchor Casualty in Los Angeles. He previously has been in insurance claim work in southern California and Seattle for the Loyalty group and Swett & Crawford.

E. W. Blanch Joins Employers Re

Edgar W. Blanch, five-state district engineer for Liberty Mutual, has resigned to go with Employers Reinsurance at its home office. He succeeds Frank G. Cosgrove as manager of Employers' excess insurance department. Mr. Cosgrove recently left Employers to become president and general manager of Service Mutual of Waco, Tex.

Held Responsible Positions

Mr. Blanch has been in Kansas City four years, in charge of engineering and inspection service of Liberty Mutual, supervising from his office the staffs working out of the St. Louis, Wichita and Denver offices. Since 1936 he has been engineer for Liberty Mutual at Baltimore, resident engineer at Cleve-

land, and was assigned to Kansas City in 1940.

He holds the B. S. degree in mechanical engineering from the University of Maryland, 1933, where he won awards for outstanding scholastic attainment and made Tau Beta Pi, the honorary engineering fraternity. His professional experience has included engineering, inspection, accident prevention and safety organization, and also job instruction and other technical teaching. His training has been seasoned by some personal activity in manufacturing and in engineering and construction field work.

Mr. Blanch's work with the Employers Re will cover not only engineering and allied lines, but will include underwriting and rating in the excess insurance division.

Hartford Steam Boiler Names Molina Manager in S. F.; Paddock Retires

C. B. Paddock, San Francisco manager of Hartford Steam Boiler, is retiring after 46 years of active service. Walter L. Molina will succeed him. Mr. Paddock started as an inspector in Chicago in 1898. He was made chief inspector at Portland, Ore., in 1908 and when the Pacific Coast division was established in 1927 he was chosen to head it as superintendent. With the creation of the San Francisco office in 1928 Mr. Paddock was made manager.

Mr. Molina joined Hartford Steam Boiler after graduating from Harvard University in 1929. He served in St. Louis, Boston and Cleveland prior to his selection as manager at San Francisco.

Gulliksen Is Aero Underwriter

John R. Gulliksen, formerly office manager for the Cleveland-Miller general agency at Denver two years, has gone with Aero Insurance Underwriters in the Chicago office as underwriter. Mr. Gulliksen was with Bankers Indemnity and Maryland Casualty in Chicago before going to Denver.

Wolf with American States

L. A. Wolf has been appointed Cleveland manager for American States. The branch is located at 844 Hanna building. Mr. Wolf has had several years experience both in agency work and in the field. He formerly was connected with General of Seattle.

Cosgrove Now President

Frank G. Cosgrove, who recently joined Service Mutual of Waco, Tex., has been made president, general manager and a director of that company. He was formerly manager of the excess insurance department of Employers Reinsurance.

Pomeroy & Pomeroy Florida Firm

The independent adjusting firm of Pomeroy & Pomeroy has been established in the Peninsular Life building, Jacksonville, Fla. It consists of E. F. Pomeroy, Jr., formerly in charge of claims for Marks, Marks, Holt, Gray & Yates of Jacksonville and Joseph D. Pomeroy who was in charge of the U.S.F. & G. claim office at Pensacola, Fla.

Kitchen to American States

Ross G. Kitchen, assistant advertising manager of Hardware Mutuals, Stevens Point, Wis., has resigned to become vice-president and advertising manager of American States, Indianapolis, Ind.

Culver to Highway Mutual

R. C. Culver has been named production manager of Highway Mutual Casualty of Chicago. He has had about 10 years' insurance experience in Chicago, mainly as a broker. He attended Northwestern University, where he was a swimming star, then was a deputy col-

lector of internal revenue in Chicago for four years before going with Utility Securities in 1924. After 10 years as sales manager he joined Occidental Life of California in Chicago.

H. B. Simpson in Kemper Post

Harry B. Simpson has been named manager of the boiler and machinery production department of Lumbermen's Mutual Casualty's southeastern division, with headquarters at Atlanta.

Mr. Simpson has been in the insurance field 25 years. He began as boiler and machinery inspector for Ocean Accident and later became a special agent. He was with that organization for 12 years. He served as branch manager in Syracuse for Independence Indemnity and for the past 12 years has been supervising engineer in charge of boiler and machinery underwriting and engineering for Eagle Indemnity, Globe Indemnity and Royal Indemnity, Chicago.

Bankers Confident of Lower Rates

(CONTINUED FROM PAGE 31)

arrested. Also through the agency's efforts, 39 other men and women were taken into custody and they have been identified on 122 cases which did not come within the rules for investigation at the association's expense. Other arrests effected during the fiscal year included 72 forgers and swindlers who were warned against in the protective bulletin issued by the association. The bulletin broadcast 144 warnings against criminals active or wanted by law enforcement authorities throughout the country.

Regarding V-E day coverage the report says that it is difficult to visualize damage to insured property during a V-E day celebration which would not be covered under the riot or civil commotion policy and the extended coverage endorsement but to cover any borderline case that might arise there is available with these two contracts the vandalism and malicious mischief endorsement, which, however, excludes glass damage. The report suggests as the most economical protection for banks the A.B.A. standard form bank burglary and robbery policy, since vandalism and malicious mischief coverage is excluded in the policy whenever burglary or robbery insurance is purchased on money and securities or securities only.

The report points out that comparatively few banks now carry burglary and robbery policies for primary insurance but thousands carry them to provide excess coverage over their bankers' blanket bond. Even when this policy is written as excess it furnishes primary insurance as respects damage to premises, furnishings, fixtures, etc. caused by vandalism or malicious mischief. Therefore it is usually more economical to buy protection against vandalism and malicious mischief by purchasing burglary or robbery insurance on securities only than by taking out a riot or civil commotion policy or an extended coverage endorsement, according to the report.

As to money, negotiable instruments and securities that employees celebrating V-E day might leave unguarded in their cages, on desks or elsewhere on bank premises, it is important that commercial banks and trust companies check their bankers blanket bonds to make certain they include coverage against losses of property through misplacement or mysterious unexplainable disappearance, the report warns. Coverage of this risk is now optional both as to its inclusion and amount in all commercial bank blanket bonds. Neither of the two standard forms of savings banks blanket bonds need to be examined as misplacement and mysterious disappearance coverage is included in both forms.



OFFICIAL NAVY PHOTO

This watchful sentinel with a Navy Task Force can't see into the future. He doesn't know how, when or where the enemy may strike. His chance of survival and that of his comrades depend largely on the skill with which they meet any conceivable emergency . . . on superb modern equipment which gives them the edge over anything the enemy can throw into the fight.

Our home front task, and yours, is to provide a barrier of insurance protection against the disasters of everyday living. American Casualty's broad comprehensive policies go far in eliminating any possibility of loss from unexpected and unpredictable hazards.

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READING • PENNSYLVANIA

Haugh to Travelers; Carlson Bureau Actuary; Cahill Aid

NEW YORK—Charles J. Haugh, actuary of the National Bureau of Casualty & Surety Underwriters since 1930 and a member of the bureau staff since 1925, has resigned to go with the Travelers home office. T. O. Carlson, associate actuary, will succeed him at the bureau.

J. M. Cahill, actuary of the New York Compensation Insurance Rating Board, will join the bureau in the newly created position of assistant secretary.

Mr. Haugh was born in 1898 at Waterbury, Conn., and began his insurance career with the New York state fund in 1922 after graduation from Middlebury College. He was six months in the actuarial department, leaving to join the North Dakota state fund as actuary. He went to the National Bureau as assistant actuary in 1925. He is vice-president of the Casualty Actuarial Society. Mr. Haugh has demonstrated marked ability in his contacts with insurance commissioners.

As secretary of the casualty research committee of the Association of Casualty & Surety Executives he did much of the ground work in getting the new four-option compensation rating plan accepted in many rate-regulated states.

Mr. Carlson, who has been with the bureau 16 years, has taken an active part in the Casualty Actuarial Society's activities. For some time he has served as secretary to the joint rating committee in connection with the application of the comprehensive rating plan of war projects. He did an especially valuable piece of work on the new boiler and machinery manual.

Mr. Cahill, who like Mr. Haugh and Mr. Carlson, is a fellow of the Casualty Actuarial Society, received his early actuarial training with Travelers. In his new position he cooperated with the actuary and the rating division managers in the handling of special problems, in the preparation of staff recommendation to rating committees and the subsequent conferences, meetings and hearings incident to the establishment and promulgation of rates.

J. W. McKenna Is Advanced

NEW YORK—F. G. Cloos, Metropolitan 1940 an assistant general liability underwriter for Globe Indemnity, has been appointed supervisor of the general liability department for the New York metropolitan area. For 16 years prior to his association with Globe he was connected with the New York office of Standard Accident.

Cloos Heads N. Y. Nominators

NEW YORK—F. G. Cloos, Metropolitan Life, was appointed nominating committee chairman to report at the November meeting of the New York Accident & Health Club by J. F. Lydon, Ocean Accident, president, at the club's first fall meeting. Plans for the sales conference Oct. 24 were discussed by G. C. Hamlin, U. S. F. & G., vice-president in charge of educational activities. Memorial resolutions were adopted for Lt. F. J. Kramer, U. S. F. & G., and C. F. Demsey, Travelers. U. S. army motion pictures were shown.

F. N. Dull, Continental Casualty, will be honorary chairman of the sales conference, and the speakers will be P. C. Magnus of Magnus, Mabee & Reynolds, and W. W. Canner, assistant A. & H. manager John street office of Travelers.

Wallace Rodgers of Chicago, the new public relations representative of the National Association of Insurance Agents, will make his official headquarters at the New York office, 80 Maiden Lane, New York, but will continue to live in Wilmette, Ill., and will be in close contact with Wade Fetzer, Jr., of

Brooklyn Award Accents Liability of Churches

NEW YORK—An award of \$7,500 by a jury in supreme court, Brooklyn, to a five year old boy for injuries he suffered on Good Friday, 1942, when a holy water font toppled from the wall and fell on him serves to emphasize the fact that churches need public liability coverage. The accident occurred in St. Mary's Gate of Heaven Catholic Church, Richmond Hill, Queens, and the insurer was Fidelity & Casualty.

As a general rule, most churches are probably not protected against the possibility of financial loss as a result of accidental injuries which may occur on their premises and are vulnerable to this type of claim, for which they have been held liable in numerous court decisions. Roman Catholic churches ordinarily have such coverage because the property is usually held in the name of the diocese. The parish pays for its own insurance and it is not compelled to take such coverage, but it is recommended. There may be from 150 to 200 parishes in a diocese and the insurance of the parish is added to the master policy.

Regardless of the type or size of the congregation, church trustees have similar obligations and are in a similar position to other trustees who serve in a fiduciary capacity. The expenditure of church funds for insurance is a just charge and relieves the trustees of responsibility should claims occur. They should be included as additional insured and a typical clause includes "directors, wardens, and vestrymen."

Churches are a desirable risk and most of them come under the minimum premium. There are additional charges for gymnasiums, bowling alleys, and private residences.

In most churches, the chief difficulty is likely to arise from the problem of finding the money for the premium because the church operates on a close budget. In smaller towns, the objection may be raised that because of the community spirit, claims for accidental injuries are unlikely to arise. However, strangers may attend any church and claims may be brought by persons who are not members of the congregation. Churches frequently have flights of steps at their entrance and these may be the source of claims.

Probably most churches will carry burglary insurance but not liability. In recent months there have been acts of vandalism by juveniles which have caused considerable damage to some churches. Apparently this is an aspect of the increasing juvenile delinquency since the war.

That Old Car of Yours

Aimed at conservation of wartime transportation facilities, a pocket-size cartoon booklet on car-care for workers has been issued jointly by the National Conservation Bureau and the National Association of Manufacturers. It is entitled "That Old Car of Yours."

The average automobile is eight years old. Two million cars are being junked this year, mostly because of old age and lack of proper care. Yet, upward of 60% of the workers rely on automobiles for transportation to and from work.

Every car that remains must be given the best possible maintenance and driven carefully and only for essential purposes if it is to continue to serve the transportation system until it can be replaced by a new car.

Chicago, chairman of the public relations committee. Mr. Rodgers has been engaged in lining up his prospects in the way of business organizations wanting an insurance speaker, getting out his material, orienting himself to the field. It will take some time for him to get out a pattern but in due season he hopes to be able to make two addresses a day.

AGENTS— HERE'S A NEW APPROACH TO A GREAT MARKET

With a view to helping agents cultivate the vast field of prospective corporate surety bonds, now being written by personal sureties, the Western Surety Company presents a three point program of successful sales aids for attacking outmoded personal suretyship.

We offer:

1. A program for reminding approving officers of the dangers of personal suretyship.
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3. Reasonable premium charge.

We feel that Number 1 is the point of attack that has been most neglected and we believe that personal surety bonds will soon be discontinued, if this program is followed.



Man is a contradictory being, with one hand he signs an application for life insurance to protect his loved ones and with the other hand signs a bond for a Friend (signing away his loved one's protection).

The above is taken directly from the new four page folder, entitled "So You're Going To Sign Your Friend's Bond!". This is an excellent mailing piece for a direct attack upon the personal surety himself. This is intended for the attack *before* the personal surety writes the bond. Number 1 attacks *after* the bond is signed.

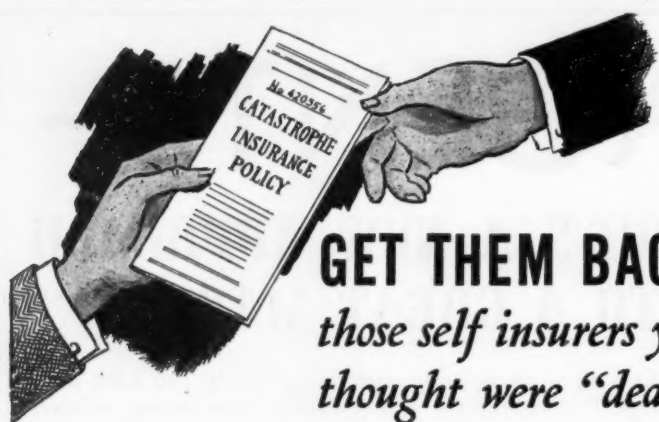
Agents are invited to write for samples of the program and folder, described and developed as part of our program of success through helping agents to succeed.

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No matter how big the company that "once-in-a-million" accident—that unexpected catastrophe can jolt them hard.

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(As to Beginning of Sickness)
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- **NO AUTOMATIC TERMINATION BY AGE**
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N.A.I.A. Backs Congressional Action

(CONTINUED FROM PAGE 7)

Johnson of Minnesota, president of the National Association of Insurance Commissioners, who was also on the final program, administered the oath of office.

H. D. Wolff, Easton, state director for Pennsylvania, and W. J. Zwinggi, Pittsburgh, who is associated with Mr. Thomas in the Logue Bros. agency, escorted the new president to the platform. A. C. Wallace, Goshen, N. Y., director for his state, J. H. Gould, St. Petersburg, president Florida association, and H. C. Arnall, Newnan, Ga., chairman rural agents committee, escorted Mr. Brown. Mrs. Thomas was escorted by M. V. White, Allentown, Pennsylvania association president; Jack Morgan, Lewistown, past president, and F. D. Moses, Harrisburg, Pennsylvania secretary. Mr. Menn explained that Mrs. Brown was unable to attend, due to a serious accident a few months ago.

Mrs. Moreton Gets Hand

After the oath and the charge, Mr. Menn called upon Guy T. Warfield, Jr., Baltimore, national executive committee-man, and A. E. Burgener, Salt Lake City, secretary and state director Utah association, to escort Mrs. Fred A. Moreton to the platform where he presented her with an engraved silver tea service. Mrs. Moreton's response was gracious and to the point and drew a great ovation.

Following a short but touching tribute to retiring President Moreton by Mr. Menn, W. B. Calhoun, Milwaukee, past president, closed the convention with his traditional singing of "Auld Lang Syne," with past President David A. North, New Haven, at the piano.

FINAL BOARD SESSION

The National Board of State Directors held its final session Wednesday evening, with a surprisingly large number of directors staying over. The session featured resolutions asking the executive committee to set up a new fire and allied lines committee and to discontinue the broad forms committee and asking the Business Development Office to establish its study of agency operation and expenses.

J. A. Murphy, Phoenix, new Arizona director, who, incidentally, made an excellent impression on everyone throughout the meeting, read the report of the aviation insurance committee, in the absence of Chairman D. J. Main, Denver, who had to leave the city. In the absence of Wade Fetzner, Jr., Chicago, Averell Broughton, public relations counsel, read his report and there was an animated discussion of the public relations question, with Mr. Broughton asking the members to bring their suggestions and criticisms of the program and its practical operation to the attention of the executive committee.

Approve Finance Manual

H. H. Hendren, Sacramento, reported for the financed accounts committee, which subject became one of the liveliest throughout the meeting. Practically every person present had either questions or comments on the proposed plan of promoting bank financing, not only of automobiles, but of all types of insurable property, Mr. Hendren emphasizing that financing of other personal property is destined to become of great importance. The group approved the expenditure of \$250 to publish a manual on the operation of financing plans. There was much interest in Mr. Hendren's report that the automobile premiums of agency stock companies had declined only 14% during two years of war, while automobile premiums as a whole had gone down 26%.

President Thomas called off the list of committees for consideration of the directors, with the result that the new fire and allied lines committee was pro-

posed and dropping the broad forms committee was recommended. The directors also recommended that the word "laws" be dropped from the agency qualification laws committee and suggested that the rural agents committee devise a new name for itself.

LATE CONVENTION NOTES

Guy M. Landes, Tulsa, member of the executive committee of the National Association of Insurance Agents, was forced to take to his bed at the annual convention in Milwaukee due to the fact that he had contracted a very severe cold. It was necessary to have a physician and nurse in attendance. He recovered sufficiently to attend the final session.

There are now 25 states that have paid secretaries or managers. The Royal-Liverpool groups presented a number of the visiting ladies at the annual convention with orchids the afternoon before the get-together dinner.

D. R. McLennan's Death Removes Great Figure

(CONTINUED FROM PAGE 7)

ganizer and great leader into play. He was profoundly interested in establishing a hard hitting, closely knit, resourceful organization. He was anxious to build a permanent, continuous body. He always believed that an organization was greater than any one man and he wanted an organization which could carry on regardless of any one individual.

There was no agent in the country for whom his companies had greater respect and in whom they had greater confidence than Mr. McLennan. Great American had arranged for a luncheon in New York next week in his honor because he had represented this company 50 years. National Fire of Hartford and Royal Liverpool had also been represented by him for a similar time.

On his return to Chicago from his annual vacation at Murray Bay, Mr. McLennan suffered a severe heart attack Oct. 9. His physicians at once ordered him to Lake Forest Hospital but he never regained complete consciousness. He died the morning of Oct. 14.

Mr. McLennan's Family

Mr. McLennan married Katherine Cole Noyes, daughter of Judge Noyes, general counsel of Northwestern Mutual Life, in February, 1906. His second son, George Noyes McLennan, a flyer in the United States Marine Corps was killed in combat early in the war at Guadalcanal. His other children are Mrs. Woodbury S. Ober; Lt. Comm. D. R. McLennan, Jr., who was with his father's office 10 years and is vice-president of the organization; Mrs. John B. Morse, Mrs. Keith S. Brown, Ensign Wm. L. McLennan, U.S.N.R. Mr. Ober is treasurer of Marsh & McLennan.

In later years Mr. McLennan had relinquished much of the administrative work of Marsh & McLennan, leaving these duties to his associates. Thus Mr. McLennan's great objective—the building of a splendid organization—was achieved. He built it so soundly and firmly that its permanency is assured.

When Don McLennan died a mighty and towering oak in the insurance forest fell. But its foliage reflected in full their beauty those richly colored autumnal hues.

Bennett Los Angeles Speaker

LOS ANGELES—At a meeting of the Casualty & Surety Fieldmen's Association of Southern California, Walter W. Bennett of the Bennett-Warner Co., who is instructor in charge of the classes being conducted by the University of California extension division, outlined the insurance code provisions for qualification as a broker, and gave an outline of the course the extension division is offering.

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Mutual Agents View Problems

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agency minded but some companies will elect to operate both on the direct writing plan and through agents. While he believes no individual company can very well "carry water on both shoulders," companies can well afford to decide that they cannot serve two distribution ideas. However, agents must prove that the agency system is the best way to do business.

Test of Agency Survival

"We must recognize that we are working for the companies and that they are going to do business in the manner that is most satisfactory to them. If, through careful selection of business, through prompt payment of accounts, the production of satisfactory volume and through full cooperation with the companies we do for them a good job then we can be pretty sure that the agency system will survive," he asserted.

Agents must be well informed on their business and how it fits into the economic structure of the nation. Rate reductions are frequent and may become even more so. To offset this and also the inroads which may be made by companies operated by financial institutions and large chain organizations will require every bit of ingenuity that the agent can develop. More premium per policyholder must come through selling more types of coverage—comprehensive coverage—to each policyholder. Additional lines must be sold, but they can only be sold when they are understood and ably presented to the buyer.

Aviation insurance may hold up volume for many agents and companies, he said, pointing out that C. I. Stanton, administrator of Civil Aeronautics Administration, predicted there will be 500,000 civilian planes in this country in 1950. The casualty companies are giving thought to a pool for the writing of aircraft liability and to hasten their decision, the convention can well address another resolution to them, he said. The need of the average aircraft owner can be met with the exception of liability lines through the facilities of the Mutual Aircraft Conference.

Large Bond Volume Foreseen

The great post war building program, both public and private, will bring an immense contract bond premium volume and any agent who is without contract and other bond facilities is going to miss a great deal of premium income that may be needed to offset shrinkage of other lines. Agents who have catered to the building industry find that to service a contractor properly they must handle all of his lines of coverage, including bonds, he said.

Speaking of a competitor in a derogatory manner is a sales method that has no place in the industry and it should be replaced with intelligent presentation of the protection and service the agent offers, if it has not completely passed out of existence.

Public relations have been excellent in the past year. Mutual agents have much in common with their competitors and "if there is harmony in the ranks of insurance a much better taste will be left with the public," he said.

Auto Financing Developments

Three events of major importance have taken place in the automobile financing field since the manufacture of automobiles ceased and car owners have paid off their obligations on them. W. H. Heineke, vice-president American Eastern Company, Philadelphia, pointed out. These are the organization or acquisition of casualty companies in addition to fire companies; a number of states have permitted the licensing of automobile dealers as insurance agents and financial responsibility laws have been enacted in a number of states. Local banks have been doing a great deal

of post war planning of their own, Mr. Heineke said, and he urged agents to go to banks in their communities and tell them that they want to work out a two-way plan whereby the bank finances their client's automobile purchases and the agent provides the insurance protection which will become a part of the transaction.

An agent should tell his local bank that because of his many contacts, he can act as a "bank salesman"; that he is in a position to convert a large number of automobile buyers to the use of local bank service.

SELLING THE BANKS

He should tell the bank that he can provide it with the assistance it needs. Delivery of the draft in payment for the car to the dealer, proper recording of the lien on the title application as well as the verification of the motor and serial numbers are several of the important services he can render.

The bank should be told that through

the agent, the purchaser and the bank can be sure of adequate insurance protection, with the interest of each properly taken care of in the policy.

The agent should point out that his "on the job" claim service is of special importance to the motorist. For years, automobile buyers have been at the mercy of finance company adjusters. Banks will like the agent's "on the job" fair claim treatment.

The agent should tell the bank that with his many contacts, he can win friends and influence people for them on dozens of other consumer items when his policyholders will be buying and financing in the post war period.

Work Hard for "Place in Sun"

No amount of shrewd planning is going to bring the automobile finance business to the agent on a silver platter. If he is going to write automobile insurance in the future, he is going to have to justify his place in the sun and it is going to take work to do it, Mr. Heineke asserted.

An agent should (1) educate himself on local finance mechanics; (2) help his clients overcome their timidity toward bankers; (3) do more than send their customer to the bank, following through with the client until the deal is com-

pleted; (4) use well planned and well prepared publicity material with every letter, bill and policy sent from his office; (5) keep reminding his customers and prospects that an agent can do a better job of full protection and good service at the time of loss or accident than a disinterested finance company; (6) know his banker—work closely with him, and (7) do it now.

Address of Earle Horton

Earle R. Horton, secretary Pawtucket Mutual Fire and president Mutual Fire Insurance Association of New England, declared that the insurance business cannot continue to take mandatory rate reductions if it is to meet current high losses and at the same time make an underwriting profit for stockholders and policyholders. He declared that the present burning rate, which is estimated at \$412 million a year, is the highest in history.

Then, along came the broadened fire insurance policy and eight states with mandatory rate reductions estimated at \$21 million yearly, he continued.

Mr. Horton said that if companies cannot meet a deficit in underwriting with their present-day investment earnings, stockholders, policyholders and perhaps state departments "are going

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to demand that agents take their cut, too."

"You know that with mounting overhead a commission reduction would force many of the smaller, hard-working agents out of the business," he said. "The current trend even can lead to eventual elimination of all agents and growth of the branch office."

LEGISLATION LIKELY

Mr. Horton foresees legislation in almost every state in 1945, as a result of the Supreme Court decision holding insurance to be in interstate commerce.

He urged that insurance undertake to convince the public that there is no mystery about insurance and show how the premium dollars are spent for the protection of the public. "Let's disabuse them of the prevalent thought that everything left after paying losses is profit," he urged.

"I am confident that if we drive home this simple, dramatic story at every opportunity, so that it is understood as clearly by everyone as it is by us, many of our policyholders will become voluntary press agents for our business."

"Such a group of friends would be the insurance business's insurance against legislative and bureaucratic harassment."

The association has reached a new high in membership of 1,575, an increase of 494 in the past year, Executive Secretary P. L. Baldwin, Washington, said in his report. There are now 17 state or regional associations, the Tri-State Association, made up of Pennsylvania, Maryland and Delaware agents, having been organized at this meeting.

Mr. Baldwin emphasized that the organization is past the growing stage and from now on the effort will be devoted mainly to finding benefits of a tangible nature for the membership. He cited the standardized insurance survey forms which were developed and which were shown at the meeting. These are being supplied at cost to members. He also mentioned the rapid growth of state associations, the leader being New York, which virtually doubled its membership, going from 126 to 237 in the last year.

SWPC ACTION

Mr. Baldwin listed as major accomplishments the successful petition to the Smaller War Plants Corporation which resulted in buyers being allowed to insure with the company and agent of their choice; the continuing activity of the agents' committee which is conferring with a companies' committee on the problem of capacity for handling large risks; and the transition of the association from the recent period of rapid expansion which is now pretty well past.

Warning against the temptation of the agent to rely too strongly upon a single legal decision with which he may have familiarized himself, M. L. Landis, counsel Central Manufacturers Mutual, said that such a procedure would get even the "one case" lawyer into hot water. As litigation goes, there is not an astounding number of cases decided each year, but even so, that number might be materially reduced if agents were somewhat more conscious of the factors which lead to disputes between policyholders and companies, he declared.

Mr. Landis declared that the local agent has the responsibility of being more widely informed about a greater number of subjects somewhat extraneous to his business than most any other business or professional man. He said the agent should not be expected to read all of even the important property insurance court decision but he warned against the agent citing as the last word some utterance of a court which seems to uphold a pet conviction that the agent has lately held.

Of the 126 cases which were decided during the past year, the speaker said, 60 dealt with some phase of pure fire

insurance; two with explosion; 33 with automobile material damage; nine with inland marine; one with aircraft material damage and 21 with miscellaneous subject matter.

There are no clear cut trends nor chain of opinion growing out of these cases, he said.

Mr. Landis referred to the decision of the United States circuit court of appeals in Louisiana upholding the validity of cancellation of a fire policy by use of postoffice form No. 3817, which proves that a piece of first-class mail was accepted by the postoffice department on the date and hour named in the affidavit.

This case, he said, forcefully illustrates the danger to laymen of superficial acquaintance with one legal decision. The facts in the Louisiana case may likely never again be repeated. In other cases plaintiffs may be far more convincing to a jury and hence any departure from the strict cancellation requirements of a policy will not be sustained by a court called upon to settle a dispute between a policyholder and his company. It is still necessary in order to effectively cancel a fire policy to make as certain as possible that the named insured has actually received a cancellation notice.

Substitution of Policies

Mr. Landis pointed out that a common practice among local agents is to substitute one company's policy for another if the first company on the risk desires to retire. This involves a number of technicalities not often apparent on the face of the transaction. Return premium for the old policy is frequently not tendered but is merely carried as a bookkeeping entry in payment of the premium for the substituted policy. In order to establish the validity of such a transaction it is essential that the policyholder give his complete consent to the transaction after being fully informed of what is taking place.

REFRESHER ON LAW

Cancellation is often the subject of litigation. The agents and companies periodically should refresh themselves on the law and the procedure involved. They should supervise the work of their clerical help and make certain that these transactions are not slovenly handled.

During the past year the question of sole and unconditional ownership and fee simple title to property was raised in eight of the 60 fire insurance cases.

The 1943 standard fire policy, he pointed out, covers the insured's insurable interest in the property and this puts upon agents and companies a heavier burden to ferret out the exact nature and amount of insurable interest a prospective policyholder would have in property.

Mr. Landis declared that it is usually the agent whose conduct is the basis for claiming a waiver or for being responsible for misleading an insured so as to produce an estoppel.

Legal Liability Coverages

Mr. Landis declared that legal liability coverages written by fire companies sometimes produce anomalous situations. The most frequent instances are the various bailee forms and the garage keepers legal liability.

In handling such coverages through fire insurance companies, local agents, he said, sometimes forget their basic knowledge of legal liability and overlook pointing out to insured the limit of coverage. Some insured expect the cover to do more than the contract provides. They are interested in preserving the good will of their customers and are intolerant with the insurer who insists upon having the question of legal liability determined before accepting proofs of loss.

The speaker cited the South Carolina case of Kelley vs. Capital Motors. A fire in a garage destroyed a woman's car left there for repairs. She claimed that

the garage was negligent in not having employed a night watchman, in not having a sprinkler system and in not keeping fire extinguishers. The courts, however, held that a garage is liable only for the exercise of ordinary care and that did not require the special precautions insisted upon by the motorist.

Distorted Economic Situation

The distorted economic situation growing out of the war, Mr. Landis observed, puts in issue the value of property and the adequacy or inadequacy of the coverage provided. In Weems vs. Service Fire the insured automobile had been stolen and stripped. The assured demanded the actual cash value of it on the theory that the salvage was valueless because stolen parts could not be obtained on the open market under war conditions. The insurer insisted upon paying only the estimated repairs and the OPA ceiling price on tires, tubes and wheels. The final judgment allowed the insured an amount determined by the traditional measure of damage, that is, the difference between the actual value of the car before and after the theft and declared that when lost property is not replaceable an insurer should be deprived of its option, impossible of performance, of replacing lost property with like kind or quality.

SEES OPA LITIGATION

Mr. Landis predicted that sooner or later some companies and some insured will become involved in costly litigation over OPA prices. Hence he recommended that automobile policies be reexamined to determine whether they should be renewed on a stated amount basis at a conservative valuation rather than upon an actual value basis and run the chance of having the policyholder involved in litigation if he cannot agree upon a satisfactory settlement figure.

Inland Marine Litigation

In referring to inland marine litigation, he pointed out that a problem of increasing importance grows out of situations where the same property is insured by one carrier under a specific policy and by another under a floater policy, both of which agreements contain provisions making the coverage excess if there is other valid and collectible insurance. He alluded to the recent New York case of Davis Yard Company vs. Brooklyn Yarn Dye Company in which it was held that all companies writing floater policies should be compelled to contribute. However, other courts may not arrive at this same conclusion and agents should be vigilant to settle the priority of responsibility for loss among the several insurers before a loss develops.

The single case of an aircraft material damage coverage, Andrews vs. Great American, he said, produces the observation that the aircraft material damage policy contains a far more detailed set of conditions governing the limit of liability than is present in most any other type of insurance contract.

He mentioned two cases dealing with the right of a mortgagor to select his own insurance carrier. In the Texas case of Feldman vs. Costa it was found that the mortgagor had validly contracted away his right to choose his own insurance agent and insurer by a special clause contained in the mortgage agreement. In the Florida case of Townsend vs. First Federal Savings & Loan Association the court held to the same effect providing the mortgagee was free from abuse of discretion or fraud.

Carry Political Significance

These two cases, he said, carry political significance. He said he is not in sympathy with legislative programs that have for their purpose the stifling of competition "but I begin to see all the colors in the rainbow when I encounter a situation in which it becomes possi-

ble for one group of people to impose their wills upon another group through coercive methods sanctioned by law."

A mortgage security, he said, is not particularly endangered by permitting a mortgagor to have a far more substantial share in the choice of his agent and insurer selected to carry the risk. When a mortgage company hides its ulterior motives behind the false face of inadequate security it is simply using that as a screen behind which to coerce the insurance commission into a source from which it derives a direct financial benefit. It is, he declared, altogether proper for agents to engage in political activity aimed at stricter regulation of finance institutions which now virtually monopolize the insurance on mortgaged property. The attitudes on both sides of this question will become far more intense as the day approaches when new automobiles start leaving the assembly line and the public commences to buy them on an installment payment basis. It is time to look into the possibility of pooling agency influence with others on the side of restraint against those who would destroy free competition and freedom of choice.

Urges United Front

Public operation of insurance is repugnant to the American way of life and contrary to the basic teaching that made America the great country she is and the greater country she will be in the post war era, E. L. Clark, insurance manager J. C. Penny Company, New York, declared. American business has always advanced when stimulated by healthy competition. Insurance men, regardless of affiliation, should work together for the common interest of the business and its rise in public esteem, resisting as a unit any operation of insurance by government, either state or federal.

POST-WAR OUTLOOK

The post-war period offers great opportunity to insurance, particularly to the agent with a professional concept of his business. Some of the problems were outlined briefly by Mr. Clark. Agents will face postwar competition from the national finance companies, which have already acquired their own insurance carriers and are laying plans to capture or acquire all types of insurance in connection with any items they may finance. The agent will have to see to it that no coercive measures are used and the individual remains free to select his insurance adviser who is in the best position to take care of his personal insurance requirements.

Wider Knowledge Required

Assistance to small businesses in the type of coverage that should be carried will be a difficult problem because of the prohibitive cost if the agent advises too many forms, yet he can't afford to let a risk go uninsured from a possible hazard which might wipe out or seriously impair the business. The agent must be familiar with more coverages than heretofore generally carried such as use and occupancy, profits insurance not only on the operation of the enterprise but also covering the possibility of loss because of destruction of the source on which the business may depend, and comprehensive liability, which is a definite "must."

With the increase in facility and speed of communication and transportation post war business will be more national in scope and the agent in small communities and large cities will no longer be limited in his viewpoint to local conditions and needs.

New problems of machinery insurance and attendant risks will arise, requiring the qualified agent to familiarize himself with their operation and the means of preventing losses and the many diversified insurance protections offered on such equipment.

The returning soldier must be given his place and prepared for taking his

part in the future of the insurance agency. Plans must be made to educate him and give him experience. There will be danger in pushing him too fast and injecting him too quickly into contacts with the insuring public before he is fully qualified.

Companies will be squeezed between rising loss ratios and reduced premium income due to the forcing down of rates. This will be reflected in the agent and it must be offset by selling more comprehensive and better coverage to additional or existing clients.

The only sound basis for any company expecting to operate successfully in the postwar period is a stable financial background, plus prompt and efficient service, plus a reputation for broadly honoring its contract obligations, not spelled out by technical phrases of legal wording but by protecting of losses that was intended when the premium was fixed and received by the company. It matters not whether an agent represents

a stock company or a mutual; there is room and a need in American life for both, Mr. Clark asserted.

Insurance buyers, beset by perplexing problems of every nature harassing every person that tries to turn an honest dollar, have begun to realize the need and advisability of employing intelligent and sound counsel for their insurance problems. This need has been met by agents with more qualified service and knowledge, plus a realization of professional standards necessary to cope with the position of trust in which they are vested by their insured and insurers. Regardless of whether there is boom or depression, insurance prospects are exceedingly bright because of the increased number of automobiles, probably popular use of the airplane, increase in the number and type of small and new businesses, faster tempo of post-war life, and greater mechanization raising the need for new and more forms of insurance of all types. The agent who has built con-

fidence in his judgment in his clients need not worry about competition, but need only devote himself to increasing his knowledge to give his insured a better service on their problems.

The open forum discussion led by Emmert Swigart of Huntingdon, Pa., centered on the expected competition from automobile finance companies in the postwar era. There were a number of suggestions, the principal one being to get the banks in local communities interested in financing car sales and to work in cooperation with stock company agents to this end.

Tuesday morning's session gave considerable time for discussion of various phases of the new survey form but the interest in it was so keen that it was resumed at a special unscheduled session in the afternoon. The forum is especially designed for working out the needs of the larger risks.

The new tri-state association elected the following temporary officers: President, H. C. Fenno, Philadelphia; vice-presidents, L. W. Ashton, Wilmington, Del.; Newton Jackson, Salisbury, Md., and J. Walsh, Scranton, Pa., secretary; H. Clary Jackson, Philadelphia.

Roger Kenney, insurance editor of the "United States Investor" in his talk predicted that as a result of fire rate reductions no class mutual in the course of time will be able to pay more than 15% dividends. He said that the mutual fire companies as a group are not earning their current dividend disbursements. The industry, he declared, is caught between rising losses and reduced premiums and broadened coverage.

He said he favors organization of a national rating body. Provincialism in rate making is out moded, in this country, he asserted. A national rating organization he predicted, in due course may come about either directly or indirectly as a result of the S.E.U.A. decision. The agents, he said, should exert their influence against indiscriminate rate cuts and should advocate a research bureau that will include both stock and mutual interests to gather essential statistics on all classifications.

Warehousemen's Liability for Customer Goods Discussed

(CONTINUED FROM PAGE 8)

a certain amount per pound, unless a higher value is declared or made known for which a higher rate would be charged. The majority of cases hold that properly made, the limitations are valid and binding. However, there is no question but that failure to understand the essential requirements involved may be costly to the warehouseman or his insurer if he carries a legal liability policy.

Against Public Policy

The authorities repeatedly have held that agreements attempting to excuse or exonerate one from liability or negligence are against public policy and therefore null and void, he said. But it is generally held by the courts that under certain conditions parties may make valid binding contracts with reference to the value of the property. This principle is reiterated again and again in court cases. The agreements must contain the essential elements of any contract, that is mutuality of agreement supported by a valid consideration. There is, he said, some disagreement as to the application of the rule.

There is always the consideration of the question of whether the limited valuation agreement impaired the warehouseman's obligation to exercise the required degree of care, though most courts have held that such agreements if properly made are not in conflict with the uniform receipts act in setting the standard of care to be exercised.

In Missouri during the past year in *Brasch vs. Sloan's Moving & Storage Co.*, household goods were picked up at the request of the owner and a warehouse receipt containing the limitation

Meet on Wage Factor Oct. 26

A uniform procedure for including a wage factor in the workmen's compensation rate making structure is to be discussed at a meeting Oct. 25-26 of the special compensation committee of the National Association of Insurance Commissioners. They will meet in the offices of the National Council on Compensation Insurance in New York. The committee will also give attention to the reporting of expense experience in the line. The committee consists of Gibbs of Texas, chairman; Larson, Florida, and Carroll, Rhode Island.

At a meeting in Chicago in June, the committee went on record as favoring the use of a wage factor to compensate for abnormal pay-roll fluctuations and an industry committee agreed to submit a proposal for such a factor.

was mailed to the owner a few days thereafter. A loss ensued and the case ended in the St. Louis court of appeals. The court pointed out that the condition limiting defendant's liability might have been lawful if there had been a meeting of the minds upon it, but since it was a condition which defendant was merely permitted but not required to insert in the receipt, plaintiff was neither to be charged with notice of it nor of assent to it from the mere fact she retained the receipt without objection. Plaintiff's attention had to be called to it and she be advised that the rate charged was a reduced rate in consideration of her consent to the limitation of liability.

Mr. Conklin pointed out that while such limitations of value are held to be legal and enforceable by the courts, the latter are not inclined to look with favor on such agreements. There is no presumption in favor of such an agreement and the warehouseman will be held to strict proof to establish such an agreement. The courts have stressed the fundamental point that there must be an understanding between both parties as to the subject matter of the agreement, except in one Ohio case.


Signed Storage Order

Mr. Conklin stressed the advisability of obtaining a signed storage order which contains the valuation agreement before the property comes into custody of the warehouse and thus establish that the depositor had notice of and agreed to such conditions. In *Rapp vs. Western Storage*, a New York case, there was a storage order and the depositor was charged with notice of the limitation.

The point is clearly made in *Voyt vs. Bekins*, Mr. Conklin said, and while a rate may have been a low rate in the mind of the warehouseman, the mere showing of a rate on the receipt without an explanation to the depositor is not sufficient to establish that there is a meeting of the minds on this point. Mr. Conklin said that it would appear that if the storage order and receipt contained not only the rate but the basis or method of computation so that it would be clearly understood by the depositor, the requirements of any of the courts could be met with respect to the establishment not only of proper consideration but mutual assent.

When Agreements Are Invalid

Limited valuation agreements are not valid where the loss has been occasioned through wilful and fraudulent conduct on the part of the warehouseman, Mr. Conklin pointed out. This is because the warehouseman can well afford to speculate on his depositors' goods by selling them at their true value and then settling with the depositors on the basis of limited value. If a warehouseman does not follow the statutory requirements with reference to a sale of goods to satisfy a lien, he added, such action is tantamount to a conversion of the property, and a limitation of value agreement is not enforceable.



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Watching Trends in Higher Automobile Claim Ratios

Many Underwriters Contend There Must Be Rate Readjustment

NEW YORK—Automobile men are acutely aware of the serious situation which has developed in connection with the rising loss ratio, especially in the eastern territory. The number of loss claims decreased month by month from January, 1942, until October, 1943, when the trend reversed itself. Actually the break came the third week of September, which was about the time the ban on pleasure driving in the east was lifted.

The figures of one of the large groups show 1,300 claims in the last three months of 1943 compared with 1,038 for the same period of the previous year. The first quarter of this year showed, for the same group, 1,635 claims compared to 927 in 1943. In April there were 648 claims compared to 379 for the same month a year ago and the May figures showed 499 claims against 340 for May, 1943.

Causes of Higher Losses

The principal causes for the jump in the loss ratio are obvious and well known. First of all, repair costs have increased. One company reports a 28% increase in the cost of repairs so far this year. While the OPA has set a ceiling price on parts, labor costs are much more than they used to be, partly because it takes about twice as long to get a repair job done today than in normal times. Because of this many car owners delay putting their machines in repair shops and continue to run them in poor condition. Tires and brakes are



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wearing out. An authoritative source has pointed out that the average cost per claim on a collision policy with \$25 deductible in January, 1942, was \$70. Today the same claim costs \$146. In a policy with the \$50 deductible clause the average of \$104 per claim has increased to \$182.

Industrial areas have a greater accident frequency than other districts. This is attributed to defense workers who in many instances live a long distance from their places of employment, who drive home after working long hours or rush to work in the mornings

with their cars filled with people. If an accident occurs, which it frequently does, the claim is high.

Commercial vehicles are a headache to automobile underwriters. They are used constantly, with no time given for overhauling and for the most part they are operated by green, inefficient people. Large fleet owners have to accept the drivers sent to them by the unions and in some cases they are incompetent to handle the big trucks. The constant demand for rush deliveries does not allow time for checking over the trucks in the proper way, roads are deteriorating and the entire situation presents a discouraging outlook at the present time.

Automobile men feel that something must be done to correct the condition but even if the rates are raised within the immediate future, his year's loss ratio will show an alarming increase. As one executive points out, the companies did not increase their automobile rates at a time when all other costs were going up and actually they are giving more insurance for the same rate because repair costs have jumped and the actual cash value of cars is far in excess of the standards by which the rates were formulated. Some underwriters feel that a mistake was made when gasoline rationing became effective in not holding "A" drivers to the manual rate and increasing "B" and "C" cards 10% and 20% respectively above the manual. The majority of "C" drivers are defense workers and it is with that class that most of the accidents occur.

Casualty Actuarial Society Cancels Meeting

NEW YORK—The Casualty Actuarial Society has decided to cancel for this year its annual meeting customarily held in November. The society's council decided that the meeting was not "definitely and urgently war-connected."

Present officers and council members will remain in office until the next annual meeting. The proceedings will be published, however. Members having papers in preparation are requested to send them in quadruplicate to the president, H. J. Ginsburgh, 142 Berkeley street, Boston. All papers will be eligible for the Richard Fondiller 25th anniversary prize.

Commends Work of Sureties

Bank Association Official Says Procedures Hold Down Bank Crimes

The work of surety companies in combating crimes against banks is strongly commended by James E. Baum, manager of the insurance and protective department of the American Bankers Association in a recent issue of the "Protective Bulletin." Under the heading, "Teamwork Stops Losses," Mr. Baum points out that surety companies "not only cover banking hazards by writing blanket bonds, but also assist in popularizing the advantages of loss prevention in contrast with the doubtful results of crime detection after losses."

"For many years some of the leading surety companies have been active in helping their insured banks to build up strong programs of loss prevention which should prove directly beneficial to the banks," Mr. Baum writes. "Payment of each insured loss entails the penalty of a reinstatement premium and, with experience rating in force, a sizable loss means an additional penalty by a reduction in the experience credit allowed on the next anniversary date of the bank's blanket bond."

Plugs Loopholes

"Usually, at the time application is made for a blanket or fidelity bond, a lengthy questionnaire must be filled out. The questionnaire is comprehensive to the point of being extremely informative in plugging up loopholes or weaknesses in banking practices which inadvertently open the door to losses," he writes.

One company goes further by arranging with insured banks and their branches for visits by claim representatives who question officers and employees in key positions to test the protective strength of their procedure. Unidentified as investigators they query tellers and those responsible for opening new accounts on many phases of their routine, particularly in dealing with strangers. These inspection tests, although voluntary, are of course made only with the consent of the officer in charge, and all questions asked are designed to uncover possible weak spots, especially those which forgers, swindlers and sneak thieves may capitalize into bank losses and add to their own ill-gotten gains.

"According to this company, in most of the banks visited, accounts which received the least attention were those of the dormant character," Mr. Baum writes. "The number of cases in which advantage is taken of the inactivity of these accounts is not alarming, but any employee to whom opportunity beckons for manipulation of accounts strikes a most fertile soil among those classified as dormant."

Banks generally have established controls over these accounts to detect manipulations. Nevertheless, he states, a case reported now and then proved that some banks are either without controls or their controls are ineffective chiefly because they are not rigidly enforced. Since dormant accounts may be excluded from the forgery insurance premium computation, provided proper controls are established to decrease the hazards of forgery and dishonesty, banks have a twofold reason for being especially careful in handling such accounts, he states. He suggests as a method of control separation of the dormant from the active accounts and designation of an officer or qualified assistant who alone should be vested with authority to approve charges against such accounts whether by checks presented over the counter or received through clearings.

— A WEEKLY NEWS LETTER —

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Program Ready for Ohio Agents' Parley Oct. 23-24

Theodore M. Gray, executive secretary of the Ohio Association of Insurance Agents, has announced the program for the annual convention at the Neil House, Columbus, Oct. 23-24.

Agency public relations will be discussed by George McCleary of the McCleary-Jones agency, Springfield. The speaker at the Monday luncheon will be Fred A. Moreton, Salt Lake City, president of the National Association of Insurance Agents. Edward W. Elwell, U. S. manager of Royal Exchange, will be the banquet speaker Monday evening.

Monday afternoon Gustav May, president of the Cincinnati Fire Underwriters Association, will preside at a closed session, when Secretary Gray will report on agency affairs. At the closed session, Darrell S. Jones of Newark, O., and J. Fuller Trump of Trump-Littleton, Springfield, will discuss legislation.

On Monday afternoon, A. G. Caris, assistant superintendent of insurance, and L. U. Jeffries, warden of the insurance department, will meet any members of the association who wish to ask questions or present problems.

Second Day's Activities

The second day will open with a breakfast for secretaries of local associations, who will be the guests of Mr. Gray. Eugene S. Davis of Davis & Disette, Cleveland, will preside at a session at which A. W. Lorenz, Maryland Casualty, president of the Ohio Association of Casualty & Surety Managers, will speak. President J. F. Van Vechten, Akron, will report at the annual business session, as will other officers and committees.

Superintendent Crabbe and his staff will be guests at the luncheon Tuesday, and Superintendent Scheuffer of Missouri will speak. Leeds Bronson, Hamilton, past president of the Hamilton association, will preside at a session on current trends, and Clayton G. Hale of Cleveland, a trustee of the association, will present a "Thumbnail Sketch of Current Problems," Tuesday afternoon. Paul R. Gingham, counsel of the association, will explain recent court decisions, and Arthur E. Benson, Ohio Casualty, Hamilton, will discuss the Ohio assigned risk plan.

Andrew J. White, Jr., secretary and counsel of the Columbus Board, has announced that board members will assist in entertaining delegates to the convention. On the general committee are Robert Klie, president of the board; Austin McElroy, H. L. Meek, R. J. O'Brien and T. J. Macklin. Assisting them will be C. D. Palmer, Allen Rinker, H. E. Eilber, W. R. Burkley, W. W. Pembroke, J. C. Talbott, J. H. Mahon, Dwight Friend, C. D. Wilkoff, H. M. Gardiner, W. W. Mouch and F. F. Jaeger.

Loman Grand Rapids Speaker

Dr. Harry J. Loman, dean of the American Institute of Property & Liability Underwriters, addressed a meeting of the Grand Rapids Insurance Agents Association with Richard E. Farrer, Home, chairman of the educational committee, in charge. Four persons in Grand Rapids have taken parts of the C.P.C.U. examination and the study group is continuing this year with a class in business law offered by the University of Michigan extension service.

Buyer to Feature Ia. Agents Parley

DES MOINES—R. B. Patrick, assistant treasurer of Bankers Life of Iowa, will be a featured speaker on the program of the annual convention of the Iowa Association of Insurance Agents at the Hotel Fort Des Moines here, Nov. 8-10, it was announced by President Clarence Friday of Osceola. Mr. Patrick will discuss insurance buying and it will be the first time an insurance buyer has appeared on an Iowa association program.

Earl Hall, editor of the Mason City "Globe-Gazette," who recently returned from a visit to the battle areas of Europe, will be the principal speaker at the banquet Nov. 9. Clifford Deput of the Deput publications will be the toastmaster.

James C. O'Connor, editor of the F. C. & S. Bulletins of THE NATIONAL UNDERWRITER will discuss the New York standard fire policy and new dwelling form, and J. H. Burlingame, Jr., assistant general manager of Western Adjustment, will discuss "Losses, Then and Now." R. J. Layton, division manager of the Rough Notes Co., Indianapolis, will speak.

There will be a pre-convention roundup the evening of Nov. 8.

Tom Moore, 201 Liberty building, Des Moines, is handling advance hotel reservations.

St. Louis Plans Wider Activities

ST. LOUIS—The executive committee of the St. Louis Board has adopted and will soon put into effect a program of increased activities. Regular monthly luncheons are to be instituted at which authorities in their respective field will discuss such matters as new coverages or changes, surveys and agency accounting and advertising. An insurance school is to be established. The board will issue an attractive and informative bulletin.

The board manager will write a letter each month to the people's column of the St. Louis newspapers on such subjects as fire waste and accident prevention. Active assistance of the board will be proffered the chamber of commerce and other civic organizations in connection with community welfare and civic affairs. There is to be a liaison committee to work between insurers and producers.

The board will be more active legislatively in connection with agency qualification and automobile financial responsibility. The board plans to undertake a publicity program utilizing radio, newspapers, etc. The section of the by-laws assessing a few of \$2 for each duplicate broker's license, the executive committee has recommended, should be repealed.

Committees Appointed for Illinois State Meeting

Chairmen of committees on arrangements for the annual meeting of the Illinois Association of Insurance Agents Nov. 9-10 in Rockford have been appointed. The general chairman is Allen L. Sparks, vice-president of region 3. Chairmen under his direction are: Arrangements and registration, J. A. Johnson, Jr.; housing, W. H. Jennings, Jr., past president; publicity, William Carrico; reception, L. S. Augspurger; ladies entertainment, Mrs. Tra-

hern Ogilby. The Mesdames J. J. Beattie, W. H. Jennings, Jr., J. A. Johnson, Jr., and Allen L. Sparks will assist in ladies entertainment.

W. Ray Thomas, president of the National Association of Insurance Agents will be on the program the afternoon of Nov. 9. The subject of his address has not been given out.

The Rockford association ladies' entertainment committee plans a bridge luncheon the afternoon of Nov. 9. The C. M. Cartwright merit award will be presented for the first time the evening of the first day at the banquet. Mr. Cartwright, editor of THE NATIONAL UNDERWRITER, will present the award to the person who in the opinion of the Illinois association officers has given outstanding service to agents of the state in the year. This award will be presented only when in the judgment of the executive officers it has been earned.

Give Exams in Minneapolis

MINNEAPOLIS—A special arrangement has been set up here by the Minnesota department for the convenience of agents who wish to take qualification examination.

They are given each Tuesday and Wednesday from 9 a.m. to 1:30 p.m. at 1175 Northwestern bank building under supervision of department employees and will continue through Nov. 22.

The Minneapolis Underwriters Association and Minneapolis Insurance Women's Association are cooperating with the department in this project.

Between now and the end of the year agents in every part of Minnesota will be given a chance to take a qualification examination near home. Towns selected are Albert Lea, Bemidji, Brainerd, Duluth, Fergus Falls, Grand Rapids, International Falls, Mankato, Marshall, Minneapolis, Owatonna, Rochester, St. Cloud, St. Paul, Thief River Falls, Virginia, Warroad, Willmar, Winona and Worthington.

\$70,000 Loss at Muskegon

The insurance loss from the fire which destroyed sheds and the main plant of the Muskegon (Mich.) Lumber & Fuel Co. will be around \$70,000, it is estimated. There was \$65,000 insurance on the main building and sheds and their contents, and this is estimated total.

Insurers were Newark, \$18,000; Aetna Fire, \$10,000; North America, \$10,000; Orient, Pennsylvania Fire, and Sun, \$4,000 each; Fire Association, \$5,000; Employers Fire, \$6,000, and Eagle Star and Camden, \$2,000 each. In addition there was a \$3,000 policy on lumber, and an exposure loss of 15% on a building in the rear of 665 East Western avenue, owned by the same firm, which was insured for \$16,000. A hardware store, insured in the mutuals, was damaged by the fire.

Russell Agency Feted

MILWAUKEE—Officers, associates and employees of Geo. H. Russell Co. agency and their wives were guests of Standard Accident and London Assurance at a dinner in honor of 50 years of representation of both companies. Representing Standard Accident were L. K. Kirk, vice-president and treasurer; J. H. Hacker, vice-president; E. A. Warnica, executive secretary, and Hal A. White, executive secretary, who spoke for the company. From London Assurance came Walter Meiss, assistant U. S. manager, who spoke; Kenneth Bidwell, manager automobile and inland marine departments, New York, and Karl Weipert, assistant manager Cook county department, Chicago. Other guests were R. W. Troxell, president, and Cecil Thomas, secretary of R. W. Troxell & Co., Springfield, Ill., correspondent

agent for the Russell company. Bradlee Van Brunt, president of the Russell agency, was toastmaster. The agency was founded in 1850 by C. J. Cary.

Crabbe on Program

Superintendent Crabbe of Ohio will be the speaker at the Feb. 13 meeting of the Cuyahoga County Underwriters Association at Cleveland. His subject will be "Is the American Insurance Agency System to Survive?" L. F. Ream is chairman of the program committee, his associates being E. A. Strauss and T. F. Unik. One of the subjects for discussion during the year will be automobile financing. At the first meeting of the year Kyle Holland of the General of America gave a talk on "Hidden Lines—Hidden Incomes."

Survey Battle Creek Cover

BATTLE CREEK, MICH.—A committee of nine local agents has reported to the city commission on a survey of city-owned properties with recommendations as to the proper placing of coverage. Luton S. Knowles of the committee explained that the survey was designed to prevent fires in city buildings, to eliminate hazards so as to reduce rates, and to provide for adequate coverage in all cases. The suggestions, if followed, will result in substantial rate savings. Mayor Godde said the recommendations will be carried out.

Kansas Revisions Reviewed

Guests of the Wichita Association of Insurance Agents at its Fire prevention Week meeting included Fire Chief Brown, Assistant Chief Wood and Chief Inspector Alexander. Many solicitors and office assistants were on hand for a review of the new dwelling forms and Kansas rule book revisions effective Oct. 9 by Ewing B. Fergus, branch manager of the Kansas Inspection Bureau.

Harris Buys Matteson Agency

Armand Harris, immediate past president of the Minnesota Association of Insurance Agents, has purchased the long-established Matteson agency in St. Paul and will move it to the Pioneer building, where he has his office.

NEWS BRIEFS

E. C. Anstaett, president of Town & Village Insurance Service of Columbus, has organized Town & Country Insurance Service, which will represent Peerless Casualty, Washington Assurance and National Casualty.

Van W. Osborne of Hartford, Wis., has purchased the agency of Arthur A. Frank, recently deceased. The agency, well established, is one of the larger agencies of the community. The office will be managed by Miss Emily Haupt, who was with Mr. Frank for eight years before his death. Mr. Osborne has been in the general insurance business for seven years.

Nearly 50, including 10 men, attended the opening of the **Wichita Association of Insurance Women's** course on fire insurance led by L. T. Stubbs, superintendent of agencies of Central States Fire. H. O. McIntosh, Hanover state agent, Topeka, was a guest. The new dwelling form and Kansas rule book changes were discussed by Mr. Stubbs and E. B. Fergus, Kansas Inspection Bureau.

Philip Snodgrass, claims attorney of General Casualty, spoke on "Claim Adjustments" at a dinner meeting of the **Insurance Women of Madison, Wis.** New officers are Mildred Subey, president; Virginia Schmelzer, vice-president; Melazine Chaplin, recording secretary; Genevieve Franks, corresponding secretary, and Bernice Radke, treasurer.

At the first fall meeting of the **Sioux Falls Association of Insurance Women**, with 32 members present, the new officers took charge. A report of the meet-

ing in Wichita was given by Doris Mundt, second national vice-president.

Al Goulding, plant manager of Good-year Aircraft Corporation, addressed a meeting of the Insurance Women of Akron, Wednesday evening, on his experiences in Brazil. Thomas L. Smith, North America, Cleveland, is conducting a course in aviation insurance.

A. L. Van Neus, from the Chicago office of Continental Casualty, spoke on "Comprehensive Liability Insurance" at the dinner meeting of the Indianapolis Association of Insurance Women.

The Topeka Association of Insurance Women held a picnic Wednesday night for prospective members. Ruth Zacharias,

president of the Tulsa association, was honor guest at an open house given by Marjorie Wilson, secretary of the Meade Agency and member of the executive board of the N.A.I.W.

M. D. Patton, Maryland Casualty, Omaha, spoke on "Comprehensive Personal Liability" at a dinner attended by 35 members of the Lincoln, Neb., Insurance Women's Association.

P. J. Slettedahl, editor of "Northwest Insurance," addressed the Minneapolis Insurance Women's Association at a dinner meeting.

Celebrating its third anniversary, the Cincinnati Association of Insurance Women held a birthday party at a dinner.

with its views and aims. As a matter of fact, the commissioner indicated some assistance might be forthcoming in committee for such measures. J. R. Maloney, deputy commissioner, presided.

Among the proposals discussed and which will be put into proper form and presented to the 1945 legislature when they "clear" the conference, were: Requiring the secretary of state to secure clearance from the insurance department before approval of the name of any corporation using the words insurance, assurance, insurer, underwriter or similar words; domestic companies may not maintain personal property assets (with exceptions) outside California; amendments relating to standard provisions in disability policies; modification of pro-rata of benefits under disability policies; broadening of definition of sale of railroad ticket policies to include steamship and airline or other common carrier; providing for repeal of obsolete code sections; clarify code on trustee surplus law; proposals that producers' licenses (except surplus line brokers) be issued for three-year term instead of one at present with certain requirements for filing annually; clarify section of the revenue taxation code; and modernize stock permit provisions of the code.

There have been a number of requests from producers for an "anti-coercion" measure. While this will not be sponsored by the department, undoubtedly some such measure will come up for discussion at later conferences.

Other measures cover substitution of attorney-in-fact under reciprocal laws and the \$50,000 reciprocal attorney bond.

Semmelmeier Aid to G. P. Williams

SAN FRANCISCO — Herbert W. Semmelmeier has been appointed assistant manager by George P. Williams, who is Pacific Coast manager of Boston,



HERBERT W. SEMMELMEIER

Providence-Washington, National Union and their affiliated companies.

Mr. Semmelmeier was recently honorably discharged from the army with the rank of lieutenant colonel after serving with the field artillery for two years, the last 15 months at Camp Chaffee, Ark.

He is a West Point graduate and served as an officer in the army before entering the fire insurance business. Prior to his most recent service in the army he was with the Pacific Board in charge of public relations. Previously he had been a special agent of Great American and Phoenix in Los Angeles under Clifford Conly.

Los Angeles Extension Lectures

Verne W. McKinney, special agent

of America Fore, spoke on "Fire Insurance History; Principles, and the Fire Insurance Contract"; Marshal Paxton, resident vice-president Edward Brown & Sons, on "The Fire Insurance Contract"; and A. C. Mortenson, engineer of Fireman's Fund, on "Variations of the Contract" before the class taking the approved course at the University of California extension division in Los Angeles.

Unlicensed Company Warning

SEATTLE—In a talk before the Young Men's Democratic Club of King County here, Commissioner Sullivan warned against buying coverage in companies not licensed in the state as suit cannot be brought against them should any difference arise over settlements or enforcement of the contract.

It is his duty, Mr. Sullivan said, "to see to it that insurance contracts are so written that they are equitable and fair to the insured, and that they do not contain trick clauses in fine print that could make it difficult for the insured to collect." There are 482 companies and 9,200 agents and brokers licensed in Washington.

Washington Rules Revised

SEATTLE—J. K. Woolley, manager Washington Surveying & Rating Bureau, has issued numerous amendments to general rules and tariffs, completing all revisions dealing with the adoption of the 1943 New York standard fire policy.

A new amendment excludes application of the pro rata reduction of amount of insurance rule to insurance covering on hops.

Long Gets N. Y. Underwriters

Chester Long, until recently special agent for the Southwestern General Agency covering Arizona and New Mexico, has been appointed general agent of New York Underwriters with offices in Phoenix. The office will be operated as the Chet Long General Agency.

Kentucky Fund Hit Again

LOUISVILLE—Latest of a series of losses sustained since the state of Kentucky decided to carry its own insurance a few years ago was the state highway department garage, at Pikeville,

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District Branch Office wants Casualty Inspector-Engineer capable of supervising large territory. State experience, age, education, draft status and salary. Address A-13, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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By Texas Branch Office of large Company, two experienced men: one to serve as office underwriter — the other for production and agency work. Both must have first class ability, including comprehensive knowledge of casualty business. Address A-6, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Casualty claims manager, highly experienced. Must be permanent with post-war future. Address A-7, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Leading casualty company entering aviation insurance field has good opening for experienced aviation underwriter. All replies confidential. Address Box A-11, c/o The National Underwriter Company, 175 West Jackson Blvd., Chicago 4, Illinois.

PACIFIC COAST AND MOUNTAIN

Garrison and Perk on California Agents Program

The annual meeting of the California Association of Insurance Agents at the Hotel Biltmore, Los Angeles, Oct. 31, will open with an address by Commissioner Garrison. A representative of the Southern California Fire Underwriters Association, and Harry Perk, Jr., representing the National association executive committee, will speak.

At the afternoon session there will be a forum on "It Pays to Be Insurance-Wise," covering agency management, production and business development. Robert J. White of Los Angeles is chairman and there will be a panel of experts including agents, representatives of fire, casualty and inland marine companies and the insurance department.

President Ralph E. Bach will relinquish the gavel to Neal Harris, vice-president, at an afternoon executive session for agents only.

Following a cocktail hour and the annual

banquet the Menn Achievement Trophy will be awarded and officers will be installed by Wm. P. Welsh of Pasadena and the oath administered by Commissioner Garrison. G. V. Orr, vice-president of Chrysler Corporation of California, is the banquet speaker.

Directors will hold a meeting Monday afternoon, Oct. 30.

Colorado Agents' Program Is Out

The program for the annual meeting of the Colorado Association of Insurance Agents to be held at the Broadmoor Hotel, Colorado Springs, Oct. 26-27, is announced. Floyd W. Padgett of Colorado Springs is president. He will open the convention at 2 p. m. Oct. 26.

Frank England, Jr., Denver, secretary, and Herbert W. Leibman, Denver, treasurer, will report and there will be an open panel discussion of forms and rules by L. M. Koster, assistant manager Mountain States Inspection Bureau, Denver; H. W. Leibman of Morgan, Leibman & Hickey, Denver, and R. H. Stebbins of Cobb & Stebbins, general agents, Denver.

That afternoon the speakers will be David J. Main of Standart & Main, Denver, chairman aviation committee National Association of Insurance Agents, and Luke J. Kavanaugh, commissioner of insurance of Colorado, on "Insurance—Whither Now."

The annual banquet will be held at 7 p. m. with President Padgett presiding.

On the second day the directors will meet and there will be the reports of different committees and an executive session when the officers will be installed.

California Law Study Groups Meet

SAN FRANCISCO—The statewide committee to appraise California's insurance laws appointed by Governor Earl Warren held another session this week. So far no definite conclusions have been reached, accenting statistical data which is being compiled by Harold Haas, deputy attorney-general, formerly assistant insurance commissioner.

Another pre-session legislative conference will be held by the insurance department in San Francisco, Oct. 26. At the first conference, Commissioner Garrison pointed out that while the department will sponsor and support at the legislature only measures directly affecting the administration of the department or which are regarded as necessary in the public interest, this does not mean that other measures which are privately introduced will be opposed by the department if they are consistent

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Ky., with estimated loss of \$100,000, including considerable equipment that will be difficult to replace.

NEWS BRIEFS

Raup Miller, local agent of Palo Alto, Cal., has sold a half interest in his agency to J. C. Freedman, former manager of the South Palo Alto branch, Bank of America. They will operate as Miller & Freedman Co. Mr. Miller at one time was special agent of Pacific National Fire and previously was with Balfour, Guthrie Company and George O. Hoadley in San Francisco. He is a

California assemblyman and a member of the insurance committee.

J. A. Dowling, secretary Canadian Fire and Canadian Indemnity of Winnipeg, has been in Los Angeles, conferring with W. M. Scott, U. S. branch manager.

The **Insurance Women of Denver** at a dinner meeting heard Roy E. Wessendorf, assistant superintendent of agencies of Springfield F. & M., Chicago, on "Inland Marine Insurance." He was introduced by Lois F. Collins.

The advance class in Insurance opened Oct. 11, at Opportunity School, when Norman V. Cohn spoke on "Agency Management."

briefly. Members of the insurance commission, including Victor P. Maynard of Shreveport, recently appointed to that body, were in attendance.

Independent Adjuster for 25 Years

Lloyd Caldwell of the Lloyd Caldwell Corporation Claims Service, San Antonio, has just observed his 25th anniversary as an independent adjuster. He went to Texas in 1907 and was for a time a claim adjuster with the Santa Fe railroad. He had served two years with the British army in the Boer war and had received decorations for bravery. He organized the claim service which bears his name in 1919. Branches are now operated in Houston, Corpus Christi, Harlingen and Dallas.

EASTERN STATES ACTIVITIES

Auto Finance, New Form on Agenda of Mass. Agents

The program for the 45th annual meeting of the Massachusetts Association of Insurance Agents Oct. 31-Nov. 1, at the Hotel Sheraton, Worcester, has been completed.

The executive committee will meet the afternoon of Oct. 31, and that evening the annual dinner will be held with President Harold D. Barnes presiding. Mayor Bennett of Worcester will give the address of welcome.

Guy T. Warfield, Baltimore, executive committee member of the National association, and Commissioner Harrington will speak. Arthur D. Cronin, Boston broker, will discuss "Down the Post-War Road Together."

Local Board Breakfast

Nov. 1 will open with a local board breakfast and discussion with C. Conrad Parker of the Parker & McPherson agency, Worcester, presiding.

Mr. Barnes will give the report of the administration to open the full session, and various committee chairmen will report. Carroll K. Steele, Gloucester, chairman of the committee on bank-agent cooperation in automobile financing, will discuss "Is the Agent Equal to the Challenge and Opportunity?" There will be a forum on the new dwelling form with Francis R. A. McGlynn, Worcester, past president, as moderator, and Walter S. Attridge, Boston; Harry J. Landen, agency superintendent Springfield Fire & Marine, and Milton W. Mays, director of the Business Development Office, as participants.

In the afternoon J. Dewey Dorsett, general manager Association of Casualty & Surety executives, will speak; Roy A. Duffus, Rochester, N. Y., will discuss "Post-War Planning for Sales," and Wallace Rodgers, public relations division of the National association, "Your Public Relations Program."

New England Mutual Field Men to Unite in 1752 Club

SALEM, MASS.—At a joint meeting of officers of the Association of Mutual Field Men and a committee representing non-members, it was agreed to call a meeting of all New England mutual special agents in Boston, Oct. 28, to form a New England 1752 Club. Elliott P. Curtiss, president of the Mutual Insurance Agents Association of New England, initiated the move.

It was decided that the Association of Mutual Field Men, which represents only special agents of the New England agency mutual fire companies, is not sufficiently broad to carry out the proposed program and it is planned to amend its by-laws to include all specials traveling in New England and also to change its name to the "New England 1752 Club."

Elect in Pittsburgh Oct. 23

PITTSBURGH—The annual meeting of the Insurance Club of Pittsburgh

will be held Oct. 23 followed by a dinner. The members will elect directors, who will elect officers.

E. A. Logue, State of Pennsylvania, is now president.

Show Change in Windstorm Cover Attitude in East

Illustrative of the difference in the windstorm buying habits of property owners along the eastern seaboard prior to 1938 and subsequent thereto is the fact that one of the substantial agencies in one of the large Massachusetts cities that was badly hit in 1938 prior to that time wrote so few windstorm policies that it did not keep a supply in its office. When it got an occasional order for windstorm insurance this agency would get the company to write the policy. However, as a result of the 1938 storm the agency's customers became very windstorm minded and the handling of windstorm insurance is now a regular routine in the agency instead of being treated as a rare exception.

SOUTH

Waggaman Again Heads La. Bureau

NEW ORLEANS—E. S. Waggaman, regional manager of Royal-Liverpool, was reelected president of the Louisiana Rating & Fire Prevention Bureau at the annual meeting. H. F. Foster, Jr., Automobile, was named vice-president and Tom J. Hayes reappointed acting manager. New directors are: Douglas Watson, State of Penn., M. W. Sykes, Home; Claude C. Dupree, Hartford; Gibson Stevenson, Firemen's, and Louisiana A. Schneider, Jr., American.

In spite of the fact that many bureau employees have been called into service, and although handicapped by lack of manpower, the bureau has done a creditable job, President Waggaman said, in his annual address.

"Among the more important developments of the year," he continued, "have been the adoption of new schedules for rating dwellings and, while not primarily a bureau matter, the adoption of a new standard policy for use in the state. As to flat rates on dwellings, the insurance commission has been studying the class and considered that the experience on it warranted a reduction in rates. This afforded an opportunity of adopting the flat rate method, which meets the trend toward simplification. I believe that this method is now almost in universal use. The new policy becomes effective Jan. 1, 1945, by statute. The bureau is preparing a pamphlet for distribution that will outline the proper manner to write policies and serve as a guide to agents in treating the subject."

He expressed appreciation of the cooperation of the insurance commission, and said relations with the agents association have been maintained on a very satisfactory and friendly basis.

State Fire Marshal Palfrey spoke

CANADIAN

Saskatchewan Plans State Insurance

A bill will be presented at the next session of the Saskatchewan legislature to give the province full authority to sell insurance on a competitive basis with commercial companies. The Co-operative Commonwealth Federation, which is backing the measure, commands a large majority in the legislature. The proposed plan is closely patterned after the program in force in Alberta, which has a social-credit government.

Fire insurance will be the first step on the program, according to C. M. Fines, provincial treasurer, and establishment of this new fire insurance office may be expected in November or December so that it can start functioning next year. Once that department is settled, it is then progressively planned to enter automobile and then life insurance.

It seems, according to Mr. Fines, that what irks the new government at this time is the flow of insurance premiums out of the province to the head offices of companies in Winnipeg, Toronto and Montreal. He cites fire insurance, in particular, in this respect. He also claims that fire insurance is costing too much money and his government proposes to make it available at premium rates substantially below those now existing in the regular field.

Albertans aren't supporting their provincial insurance schemes to any important degree. The stock companies have been operating satisfactorily there, according to latest returns.

Robertson Winnipeg Chairman

The Winnipeg insurance agents' ad-

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visory board, created by special legislation some time ago, has appointed S. W. Robertson, as chairman. The board will receive and pass on applications for licenses and also sift complaints about agents.

MOTOR

Anxiously Await Rate Increase

Automobile insurance men are anxiously awaiting word of the automobile rate decisions that are expected to be made shortly by the National Automobile Underwriters Association. The report is that rate action will be taken by the N.A.U.A. between now and Jan. 1. Special efforts were made to get the experience data for the fiscal year ending Sept. 30, rounded up speedily so that an early decision could be made rather than waiting until next spring to promulgate the new rates.

Some of the companies report that

their collision experience is the worst that it has ever been. Repair costs are sky high. It is impossible to get many new parts for replacements and the cost of second hand parts is usually as much or more than for new items and in addition, in the case of fenders, for instance, the second hand article frequently has to be repaired and finished.

The profit from the automobile fire, theft and comprehensive lines which in the past has been balanced against collision losses to produce a comforting overall showing, has sharply dwindled this year due to the fact that practically all of the cars are in the oldest age group and produce only the minimum premium.

Example of Repair Cost Trend

A striking example of the degree to which automobile repair costs have mounted is recited by one of the automobile superintendents. The door of an assured's car was caved in by collision and the cost of a new door was found to be \$32. However, it was impossible to get a replacement and the door had to be repaired and the cost of that job was \$84.

storage lockers. No dissenting voice was raised to the proposed amendment at a hearing here. In fact, numerous insurance executives were enthusiastic in their approval of the proposed amendment, including Frank V. Smith, Pearl; E. L. Poor, American Mutual Alliance; Frank C. Beazley, Phoenix-Connecticut; Bert G. Wills, Fireman's Fund; Clyde Marshall, Aetna Fire, and Neal Harris, representing the California Association of Insurance Agents.

It was agreed that the amendment should be so drawn that it would apply only to lockers and not to general storage by the refrigerator concerns.

A representative of the California Refrigerator Locker Association expressed satisfaction at the attitude of Commissioner Garrison, who presided, and the companies, expressing approval also of the proposed amendment.

Boston Names Thompson on Coast

M. Thompson & Co., general brokers and marine general agents in San Francisco, have been appointed general agents for the marine department of Boston and Old Colony. The Thompson office already represents Great American and Connecticut for marine business.

Osterbye on Duty in Chicago

John Osterbye, secretary at the head office of W. H. McGee & Co., New York, has been looking after the Chicago office during the absence of John T. Brennan who has been going through the Mayo Clinic at Rochester, Minn.

Martin H. Plotnick, Chicago marine insurance broker, attended the Foreign Trade Association convention in New York last week.

Fixed to Meet Lean Years in Fire Lines

(CONTINUED FROM PAGE 8)
ability of companies to ride out any kind of storm is their growing conservatism in investment policy. They have come to regard themselves more as trustees of the public's money than was the case in the late 1920s. Cash and government bonds bulk large in portfolios. There is a greater resemblance to life company investment practice.

Stock Dealer's View

Huff, Geyer & Hecht, wholesalers specializing in insurance stocks, express the belief that in spite of rate reductions and the U. S. Supreme Court decision there is not likely to be any extended or precipitate decline in the market prices of most fire insurance stocks unless such a weakness should develop as a result of general reactionary tendencies affecting common stocks as a class. In a bulletin just issued this firm bases its prediction on the fact that for a good many months the fire insurance stock has been discounting the situation that was ahead and fire company stocks as a group are now selling at discounts averaging about 25% from their present liquidating values.

The bulletin points out that this large disparity between market prices and the intrinsic equity in assets behind insurance stocks, in conjunction with an average yield of about 4.34% now obtainable, will probably serve as an effective brake in holding back any extensive decline in market prices from the present level. The bulletin also expresses confidence that in the long run the premium rates for fire insurance will follow the experience as they always have in the past, and that consequently the current rate reductions are nothing to worry about.

To their dealer customers who may be interested, Huff, Geyer & Hecht offer two suggestions. The first is that commitments in the stocks of the less favor-

Philadelphia Paper Sees 2 Grave S.E.U.A. Case Issues

The Philadelphia "Inquirer" on Oct. 11 had an editorial prompted by the Supreme Court refusal to review the S.E.U.A. decision. That refusal, according to the editorial, accentuates two issues of the gravest importance, one being the assumption of authority by a minority of the entire court to decide a constitutional question involving the commerce clause, thus upsetting the precedent of 110 years. The other issue is the broadening of the way for federal invasion of fields hitherto reserved for the states.

The "Inquirer" points out that the attorneys general of 42 states petitioned the court for a rehearing and thus this was no mere sectional matter, affecting the interests of some special groups of states. These highest law officials, according to the "Inquirer" share the apprehensions of Chief Justice Stone and Justice Jackson under the S.E.U.A. decision state regulation of insurance which has served so well throughout the years would eventually be superseded by control from Washington.

According to the "Inquirer" the 67 million holders of life insurance policies have a stake in prompt action by Congress to end the menace of federal control of an activity which properly belongs to the state.

ably situated fire companies, that is those likely to be most adversely affected by the higher fire losses and low rate levels be transferred to the more promising casualty company stocks. It points out that the investment status of casualty stocks has improved immeasurably over the last decade and they are currently selling at large discounts from present conservatively computed net asset values.

To investors who for any reason do not care to buy casualty stock and who are reluctant to sell fire stock at present prices but who would like to concentrate holdings in the stocks of that group which seem likely to make relatively the best showing in the present difficulty period the firm suggests selling fire stock of companies which have realized only a small profit margin on fire insurance proper in recent years, particularly the stock of companies which write a large volume of straight fire coverage in relation to capital and surplus, and buying the stocks of companies which have realized large profits on straight fire business and placing particular emphasis on the stock of companies which write a small volume of business compared with capital funds.

Disclaiming any wish to alarm owners of fire stock from a long term investment point of view, the bulletin points out that fire companies have lived through many prior periods of large losses and low premium rates and un-faillingly have reestablished their underwriting on a profitable basis.

"Such limitations upon earning power from insurance operations as may develop in the immediate future unquestionably will lead to many permanent economies," the bulletin says. "There will be a general 'tightening up' in operating expenses; company managements will be in a position to more rigorously restrict the rate of commissions paid to agents; and a generally unprofitable underwriting situation will unquestionably lead to greater selectivity in risks accepted."

The Bennett Agency of Detroit, Oct. 17, completed its 50th year in business. It was started by Charles D. Bennett and has remained under the same ownership, with Mr. Bennett as founder and owner and W. L. Graham as manager.

At a dinner meeting of the Insurance Women of Dallas reports were given by the officers and committee chairmen, including Miss Vera Keyes, educational chairman; Mrs. Ruth A. Fredde, chairman of bond sales, and Helen Webster, social committee.

MARINE INSURANCE NEWS

Okla. Requires Inland Marine Rate, Form Filing

OKLAHOMA CITY — The Oklahoma State Insurance Board has ordered that all insurers issuing inland marine policies file policy forms with the board and receive approval. The order also requires the companies to file and receive approval of rate schedules.

Recently the Kansas department imposed similar requirements and compliance has been effected without difficulty.

Presumably Oklahoma is seeking to have inland marine forms and rates receive state approval to avoid the possibility of embarrassment in the light of the S.E.U.A. decision.

PPF Variations Are on Increase

As additional companies enter the field of the personal property floater, the variety of policy provisions continues to increase. It is likely that this development will be carried even further, since a number of additional companies that have not heretofore competed for this line are intending to get into the field and there will be a natural tendency for each company to seek to introduce one or more features that will provide an individual touch and advertising value at the outset.

These developments are being followed closely by inland marine specialists and interest is manifested in the general question of whether these competitive contracts may become so popular as to cause the I.M.U.A. companies to incorporate these departures and perhaps go even farther along the liberalization road.

American Automobile Fire which recently inaugurated inland marine operations, has attracted much attention to its personal property floater. It provides full coverage against fire and extended coverage perils to unscheduled jewelry and furs; for perils other than fire and extended coverage the insurance on unscheduled jewelry and furs is 10% of the face of the policy with a minimum of \$250 and a maximum of \$1,000.

Also, American Automobile provides \$500 coverage for the perils of burglary, robbery and theft on boats or their equipment or furnishings away from the premises of the residence. This would be particularly attractive to boat

owners whose hull insurance covers total theft only.

American Automobile provides \$100 insurance on money as compared with the \$50 in the I.M.U.A. contract. It gives \$500 insurance on war savings bonds and stamps and \$50 on other securities.

The Corroon & Reynolds companies rather recently brought out a liberalized contract giving 10% coverage on jewelry, watches and furs; also 10% on securities including war bonds and \$100 on money. It also gives \$100 on outboard motors, outboard boats, rowboats and canoes.

Fidelity & Deposit and National Surety Marine are among the other non-I.M.U.A. companies that provide features of coverage that exceed those of the I.M.U.A. and it is reported that a number of other companies will soon bring out contracts with broader features.

WSA Approves Settlement Two Ship Loss Claims

Recommendation of the War Shipping Administration's committee on vessel compensation that the Grace Line receive \$6,875,000 in settlement of all claims in the loss of pre-war liners "Santa Elena" and "Santa Clara," has been approved by Administrator Emory S. Land. Both vessels were victims of enemy action while in war service under bareboat charter.

The "Santa Elena" was built in 1933, costing, including betterments, \$4,471,310. Of 7,424 deadweight tonnage, she had accommodations for 251 passengers. With geared turbine propulsion she had a speed of 19 knots.

The "Santa Clara" was built in 1930 and cost, including betterments, \$3,541,167. Her deadweight tonnage was 6,650 and she had accommodations for 221 passengers. Turbo-electric propulsion gave her a speed of 18½-19 knots.

The total of claims, including interest, presented by the owner of the vessels was \$9,717,500. The settlement approved was in accordance with valuation determinations prescribed by the merchant marine act of 1936, as amended, and rules of the advisory board on just compensation, WSA said.

Steps Taken to Provide Storage Locker Cover in Cal.

SAN FRANCISCO—The California insurance department is preparing an amendment to the nation-wide inland marine definition as adopted in this state to provide coverage for operators of cold

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Post-war planning is getting top attention in every industry. No one can afford to be left behind when the world turns to peace-time pursuits once again. ☞ *New horizons* loom before us. New materials, new uses for old materials, new scientific developments, new manufacturing processes will be the order of the day. ☞ *All this* means new horizons for the insurance business, too. How well you will be able to take advantage of these new opportunities will largely depend upon you and the facilities you will have to offer. ☞ *Are you* equipped to be an efficient, well-posted insurance advisor? If not, Aetna's Sales Training Courses can help you. ☞ *Are you* able to offer a *multiple line* insurance service, including Life, Casualty, Fire, Marine, Fidelity and Surety Bonds? If not, Aetna's *multiple line* facilities should interest you.

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What'll Jones do now?

Spend the next few days getting bids from glaziers and sign painters, awarding jobs and supervising work? Not Jones! Since he carries Hartford Plate Glass Insurance, he'll simply phone his Hartford representative

who will take over promptly. Jones figures his time alone is worth more than the modest cost of insurance covering windows, show cases, display lettering, signs, glass floors and skylights.

Timely warning to housewives!

Even though it takes longer to get your electrical appliances repaired nowadays, don't use one that needs fixing. Watch out for frayed cords, cracked or broken plugs, loose heating elements. Faulty appliances cause fires, and fires destroy property.



Battlefront life-saver... made of the tin cans you save



This is a morphine syrette. Administered to a wounded soldier by a member of the Army Medical Department, a single dose brings relief in seconds—blacks out pain—relieves shock and sometimes saves a life. The syrette's pouch is made of pure tin. Two salvaged tin cans provide enough tin for one syrette. So keep on saving those tin cans.

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